

MISSOURI FINANCIAL ACCOUNTING MANUAL

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SECTION: REVISIONS

SUBJECT: RECORD OF CHANGES

PROCEDURE NO: REV-001

I. Record of Changes

<u>CHANGE #</u>	<u>DATED</u>	<u>SECTIONS CHANGED</u>
1.	<u>September 15, 1997</u>	<u>REV-001, REV-002, CDE-404, CDE-405C, CDE-406, CDE-407,</u> <u>PRC-518, PRC-522, PRC-525</u>
2.	<u>September 15, 1998</u>	<u>REV-001, REV-002, CDE-405A, CDE-405B, CDE-405C,</u> <u>CDE-407, CDE-409, PRC-508, PRC-525, APPA, APPB-4</u>
3.	<u>September 15, 1999</u>	<u>REV-001, ACT-302, CDE-402, CDE-405, CDE-407, PRC-518,</u> <u>PRC-524, AUD-601</u>
4.	<u>June 15, 2000</u>	<u>TABLE OF CONTENTS, REV-001, REQ-103, ACT-306,</u> <u>CDE-405, CDE-406, CDE-407, PRC-521, PRC-522, PRC-523,</u> <u>PRC-524, PRC-525, SUBJECT MATTER INDEX</u>
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SECTION: REQUIREMENTS

SUBJECT: ACCOUNTING PRINCIPLES AND POLICIESPROCEDURE NO: REQ-103

F. Double-Entry Accounting System

For the proper recording, balancing, and control of accounting transactions, every local education agency shall employ the double-entry accounting system. Such systems may be on a cash basis and nothing herein shall be construed as requiring any school district to change from a cash basis of accounting. The principle of the double-entry accounting system is that for every entry made to the debit side of a fund account or accounts, an entry or entries for a corresponding amount will be made to the credit side of an account or accounts for the same funds. The debits must always equal the credits.

G. Uniform Classifications of Accounts and General Ledger

A uniform classification of general ledger accounts is presented in this manual. (See PROCEDURE NO: CDE-404, General Ledger Account Descriptions.) To enhance uniformity of application, a description of each general ledger account is also a part of the manual. A uniform classification of accounts is essential for the following reasons:

1. Recording financial information in a consistent manner.
2. Making possible compilation of data in such form as to be comparable with:
 - a. Similar data of prior periods.
 - b. Other local education agencies of like characteristics.
3. Summarizing data required by the Department of Elementary and Secondary Education.

A general ledger shall be maintained by each local education agency.

H. Revenues - Gross Basis

Revenues will be recorded on a gross basis. This policy will result in showing per revenue account the amount of all revenue received from all sources (i.e., Federal, State, Local). It will give adequate revenue information within the classification of accounts for budgeting, accounting, and reporting purposes.

I. Refunds and Reimbursements - Incoming to District

Refunds correcting or adjusting previous payments that were charged to an:

1. Expenditure account in the current year should be credited to the appropriate expenditure account (reduces apparent expenditures).
2. Expenditure account of a previous year should be credited to a revenue account (Account 5195, Prior Period Adjustment). One exception to this rule concerns a vehicle gas tax refund. The amount of this particular refund is applied as a credit to transportation supplies in the year received.

SECTION: REQUIREMENTS

SUBJECT: ACCOUNTING PRINCIPLES AND POLICIES

PROCEDURE NO: REQ-103

J. Refunds and Reimbursements - Outgoing from District

Payments made by a local education agency correcting or adjusting previous revenues that were recorded in:

1. Revenue accounts in the current year should be debited to the same revenue account (reduces apparent revenue).
2. Revenue account of a previous year should be debited to current year expense (Function 2320 [Executive Administration] or 2510 [Business/Central Services], Object 6398 [Other Expenses]).

K. Accrue Earned but Unpaid Salaries

To properly record and report expenses in the period in which they have been incurred, unpaid salaries must be accrued. For example, if salaries are paid over a twelve-month period but earned over a nine-month period, an accrual should be made each month for nine months equal to the difference between the paid and earned salaries. Salaries paid in the tenth through twelfth months should be charged to the accrual account. Failure to comply with this policy will result in the understatement of liabilities and operational costs. (See PROCEDURE NO: ACT-305, Payroll Accounting.)

Districts on a cash basis may accomplish the same result by writing payroll checks for the tenth through the twelfth month on June 30. Salary amounts earned but unpaid for the current fiscal year are recorded as expenditures as of that date. Individual payroll checks would then be distributed in the appropriate month. Cash flow and compliance with other statutory expenditure requirements may force a district to look carefully at how this procedure will impact the district.

L. Distribute Related Payroll Expenses with Payroll

The related payroll expenses (primarily employee benefits) shall be apportioned and distributed to the appropriate expenditure accounts based upon the payroll expenses.

M. Equipment Capital Outlay - \$1,000 Unit Cost, Excess of One-year Life, Repair/Replace.

Equipment costing \$1,000 or more per unit and having a useful life expectancy of more than one year is considered to be capital outlay and costs will be entered and controlled in the General Fixed Assets Account Group. The district may establish a local policy to use a unit cost of less than \$1,000 to determine capital outlay expenditures. Equipment not meeting the foregoing cost criteria may also be capitalized if the life expectancy warrants and the cost of adequate control is not excessive. Equipment may also be differentiated from a supply item via the repair or replacement criterion. That is, an equipment item is more likely to be repaired when some of its parts are worn out whereas the supply item is simply replaced.

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SECTION: REQUIREMENTS

SUBJECT: ACCOUNTING PRINCIPLES AND POLICIES

PROCEDURE NO: REQ-103

Acquisition cost of equipment means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the district's regular accounting practices. (See also PROCEDURE NO: ACT-306, Capital Outlay and Accounting for Property for additional information concerning capital outlay procedures.)

<u>CRITERIA FOR DISTINGUISHING EQUIPMENT FROM SUPPLY ITEMS</u>				
(Listed in Priority Order)				
YES V	<	Lasts more than one year	>	NO
YES V	<	Repair rather than replace	>	NO
YES V	<	Independent unit rather than being incorporated into another item	>	NO
YES V	<	Cost of tagging and inventory a small percent of item cost	>	NO
YES V	<	Exceeds minimum dollar value established by State or other governmental unit (with due regard for group control for some items). Current minimum is \$1,000.00, however, the district may establish a lower limit.	>	NO
ITEM IS CONSIDERED <u>EQUIPMENT</u>				

**AT FIRST "NO",
THE ITEM IS
DECLARED TO BE
A SUPPLY ITEM**

N. Encumbrances

Encumbrance accounting is most valuable in controlling budgeted expenditures for supplies, equipment, and contracted services. Therefore, encumbrance accounting procedures will be included in the centralized accounting system. (See Glossary, Appendix A, for definition of Encumbrance Accounting.) Prior to the end of the fiscal year, every effort should be made to liquidate outstanding encumbrances. Should outstanding encumbrances remain at year's end, the encumbrances shall be canceled and not under any circumstances be added to expenditures for reporting purposes. If such encumbrances are honored at a later date, they become expenditures of the new fiscal year and would require budget authority in the new year.

O. Accounting Principles and Standards

Accounting principles and standards will be secured from the following sources:

1. Generally Accepted Accounting Principles (GAAP)
 - a. Rules and procedures established by authoritative bodies or conventions that have evolved through custom and common usage.
 - b. The Governmental Accounting Standards Board (GASB) establishes accounting principles and financial reporting standards for state and local government entities.

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SECTION: REQUIREMENTS

SUBJECT: ACCOUNTING PRINCIPLES AND POLICIES

PROCEDURE NO: REQ-103

2. Generally Accepted Auditing Standards (GAAS) - Those audit standards set forth in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards.
3. American Institute of Certified Public Accountants via the publication Audits of State and Local Governmental Units (ASLGU).

MISSOURI FINANCIAL ACCOUNTING MANUAL

SECTION: ACCOUNTING

SUBJECT: CAPITAL OUTLAY AND ACCOUNTING FOR PROPERTY

PROCEDURE NO: ACT-306

VI. Capital Outlay and Accounting for Property

The determination as to whether an expenditure should be classified as an operating expense or recorded in the fixed asset group of accounts is often difficult. As a general guideline, if the unit cost of the item is \$1,000 or more and the useful life is estimated at more than one year, the purchase will be considered a Capital Outlay, regardless of whether it is a replacement item or purchase of additional equipment. Furthermore, if the nature and/or quantity of the item(s) allows economical control, then the unit cost may be less than \$1,000 and if the one-year useful life criteria is met, the expenditure is a Capital Outlay. A district may establish a policy to use a unit cost of less than \$1,000 to determine capital outlay expenditures. Purchases of items not meeting the cost, controllability, or useful life criteria are properly charged to current operating expense.

Acquisition cost of equipment means the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as the cost of installation, transportation, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the district's regular accounting practices.

CRITERIA FOR DISTINGUISHING EQUIPMENT FROM SUPPLY ITEMS

(Listed in Priority Order)

YES	?	Lasts more than one year	?	NO	AT FIRST "NO", THE ITEM IS DECLARED TO BE A <u>SUPPLY ITEM</u> NO
?					
YES	?	Repair rather than replace	?	NO	
?					
YES	?	Independent unit rather than being incorporated into another item		?	
?					
YES	?	Cost of tagging and inventory is a small percent of item cost	?	NO	
?					
YES	?	Exceeds minimum dollar value mandated by State or other governmental unit (with due regard for group control for some items). Current minimum of \$1000.00, <u>however, the district may establish a lower limit.</u>	?	NO	
?					
?					

ITEM IS CONSIDERED EQUIPMENT

Accounting for property and equipment in the financial records of governmental agencies differs greatly from the commercial methods of recording fixed assets. Acquisitions of fixed assets are not recorded in the fund from which they were acquired, and depreciation is not recorded. An exception is fixed asset purchases from Proprietary Funds which may be recorded on a commercial basis (i.e., Food Services, in memorandum form only).

Fixed assets are recorded at cost or appraisal value in the General Fixed Assets Account Group. The entry in the fund which acquired the fixed asset would be as an expense item. The following is an example of the entry to record the acquisition of fixed assets in the accounts:

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SUBJECT: CAPITAL OUTLAY AND ACCOUNTING FOR PROPERTY

PROCEDURE NO: ACT-306

<u>Entry</u>	<u>DEBIT</u>	<u>CREDIT</u>
Furniture and Equipment	\$XXX.XX	
Reserve for Investment in		
General Fixed Assets		\$XXX.XX

In addition to entries similar to the above involving the general ledger accounts, detailed subsidiary property records must be maintained to maximize the control of fixed assets.

An example of a subsidiary record which provides useful information is the Accession Ledger (illustrated below). This ledger is a record detailing in order of acquisition, the item purchased, date of purchase, purchase price, life expectancy, location of items, property, inventory number, and other information that may be useful for control.

When a **fixed asset is disposed of**, regardless of reason, the entry recording the acquisition is reversed in the General Fixed Assets Account Group. Entries to record insurance adjustments, trade-in allowances, and receipts from sales of fixed assets are recorded in the fund which acquired the item.

Property records should be maintained by fund. It is not necessary to open and close the accession ledgers with the beginning and ending of a specific year. The balance in the accession ledger, net acquisitions, must equal the balance in the General Fixed Assets Account Group at the end of each year.

ACCESSION LEDGER--FURNITURE AND EQUIPMENT

<u>DESCRIPTION, SERIAL NUMBER</u>	<u>DATE</u>	<u>COST</u>	<u>LOCATION</u>	<u>USEFUL LIFE</u>	<u>PROPERTY NUMBER</u>	<u>PROJ.</u>	<u>DISPOSITION COMMENTS</u>
Floor Buffer #0031250	01-09-94	\$1,587	Adm. Bldg.	8	0001	110	
Lawn Tractor #09911	10-01-94	\$1,876	High School	8	0002	110	Destroyed in fire 11/1/96
Walk-In Freezer #09912	10-01-94	\$10,150	Elementary	15	0003	110	
Lawn Tractor #09911	11-01-96	(\$1,876)	High School	8	0002	110	To reduce fixed assets. See Property # 0002
Floor Buffer #J00795	05-01-97	\$2,525	Elementary	8	0004	110	
Gateway Computer #GW09932	09-15-98	\$ 825	Elementary	3	0005	110	1 of 3 computers, Total:\$2,475
Gateway Computer #GW10955	09-15-98	\$ 825	Elementary	3	0006	110	1 of 3 computers, Total: \$2,475
Gateway Computer #GW11132	09-15-98	\$ 825	Elementary	3	0007	110	1 of 3 computers, Total: \$2,475

MISSOURI FINANCIAL ACCOUNTING MANUAL

SECTION: ACCOUNTING

SUBJECT: REVENUE OBJECT CODE DESCRIPTIONS

PROCEDURE NO: CDE-405

V. Revenue Object Identification

The following alphabetical title listing of revenues may be used as a quick reference for locating individual revenue object codes. Also indicated are grants or revenue titles that have been combined with and are transmitted from DESE to school districts, with another revenue code. For example, Success Link, Technology Training Support Grant (PD) and Grant for Dual Credit are coded as 5397, Other State revenue. This listing is followed by revenue object code descriptions and placement by fund.

A+ Schools Grant	5362	Escheats	5211
Accrued Interest on Bonds Sold	5142	Even Start Family Literacy	5476
Admissions (Student Activities)	5171	Excellence in Education Act	5336
Adult Basic Education (ABE)-Federal	5436	Exceptional Pupil Aid	5313
Adult Basic Education (ABE)-State	5337	Extraordinary Cost-Special Education	5381
Adult Basic Education Literacy Grant	5338	Extended Day Child Care	5368
Adult/Continuing Education Tuition	5123		
AIDS Education Grant	5475	Facilities Infrastructure Improvement Grant	5489
Area Vocational Fees from other LEAs	5821	Fair Share (Cigarette Tax)	5334
		Federal Charter Schools Program Grant	5497
Basic Formula	5311	Federal Disaster Assistance	5413
Bonds, Sale of	5611	Federal Emergency Management (FEMA)	5477
Bookstore Sales	5172	Federal Flood Control	5231
Bill Back for Excess Cost/Res Placement	5369	Federal Flood Counseling	5417
		Federal Forest	5231
Career Ladder	5317	Federal Housing	5416
Charter Schools (Fed Charter Sch Program)	5497	Federal Mineral	5231
Child Care Development Fund Grant	5472	Federal Properties	5231
Cigarette Tax (Fair Share)	5334	Financial Institution Tax (Intangible Tax)	5114
City Sales Tax	5117	Fines, Forfeitures, Escheats, Overplus	5211
Community Services	5181	Food Service (Federal)	5445
Comprehensive School Reform Grant	5497	Food Service (Non-Program)	5165
Confined Animal Feeding Operations	5234	Food Service (State)	5333
Contracted Ed Services from other LEAs	5831	Foreclosure Sale, Sheriff's	5211
County Stock Insurance Fund	5234	Foreign Insurance Aid (Free Textbook)	5331
		Foreign Language Assistance Program	5464
Delinquent Taxes	5112	Foreign Language Support Service Grant	5378
Dependent Care Grant	5467	Free and Reduced Lunch/At-Risk	5318
Desegregation Aid (Federal)	5485	Futures Prog, Job Develop, ABE (Fed)	5468
Desegregation Aid (State)	5335	Futures Prog, Job Develop, ABE (State)	5354
DNR Energy Grant	5377	Futures Prog, Job Develop, EC/PAT (Fed)	5469
DNR Energy Loan	5366	Futures Prog, Job Develop, EC/PAT (State)	5355
Domestic Insurance Company Tax	5234	Futures Prog, Job Develop, Job Tng (Fed)	5471
Donated Commodities	5511	Futures Prog, Job Develop, Job Tng (State)	5356
Drug Free, Title IV, ESEA	5461		
		Gifted	5316
Early Childhood Spec Ed (Federal)	5442	Gifts	5192
Early Childhood Spec Ed (State)	5314	Goals 2000, Teacher Preservice/Prof Dev	5458
Earnings on Investments	5141	Goals 2000, Title III (Through DESE)	5457
Education for Homeless Children/Youth	5463	Goals 2000, Title IV, LIFT Grant	5456
Educational & Screening/PAT	5324	Goals 2000, Title VII (Direct Federal)	5488
Educare Grant	5374	Grant for Dual Credit	5397
Eisenhower, Title I, ESEA	5465	Grants for School Technology	5364
Emergency Immigrant Education	5462		
English as a Second Language	5479	Handicapped Census	5351
English as a Second Lang Spt Ser Grant	5379	Headstart	5483

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SECTION: ACCOUNTING

SUBJECT: REVENUE OBJECT CODE DESCRIPTIONS

PROCEDURE NO: CDE-405

Health Services Grant, School Age Child	5367	Proposition C (Sales Tax)	5113
Homeless Children/Youth	5463	Pupil Activity Income	5179
Impact Aid	5411	Readers for the Blind	5371
Impact Aid, Restricted Purpose	5486	Read to be Ready Grant	5383
Incentive Grant (Excellence Act)	5336	Refugee Children's Improvement Grant	5497
Incentives to Reduce Pupil/Teacher Ratio	5363	Regular Day Tuition (K-12)	5121
Individuals w/ Disabilities Act (IDEA)	5441	Remedial Reading	5315
In Lieu of Tax	5116	Rentals	5191
Innovative Ed Programs, Title VI, ESEA	5455	Reserve Officer Training Corps (ROTC)	5418
Intangible Tax (Financial Institution Tax)	5114	Residential Placement/Excess Cost	5369
Interactive Distance Learning Grant	5364		
Job Development/Customized Training	5353	Safe and Drug Free, Title IV, ESEA	5461
JTPA (Funds flowing <u>Through DESE</u>)	5435	Safe Schools Initiative Grant	5358
JTPA (Funds from <u>Other than DESE</u>)	5482	Sale of Bonds	5611
Kansas City Boulevard Tax	5118	Sale of Food to Pupils	5151
Learn and Serve America	5473	Sale of Food to Adults	5161
LIFT Grant, Goals 2000, Title IV	5456	Sale of Other Property	5651
Literacy Grant, Adult Basic Education	5338	Sale of School Buses	5641
Locally Assessed Railroad and Utility Tax	5111	Sales Tax (Proposition C)	5113
Local Revenue, Miscellaneous	5198	School Breakfast Program	5446
Medicaid	5412	School Children's Health Svc Grant	5367
Migrant, Title I, ESEA	5452	School District Trust Fund (Proposition C)	5113
Milk Program, Special	5447	School Lunch Program	5445
Mineral, Federal	5231	School Technology Grant	5364
Miscellaneous Local Revenue	5198	School to Work Grant	5474
M & M Surcharge	5115	Select Teachers as Reg Resource (STARR)	5376
MO Dept of Cons. Landscape Grant	5373	Sheriff's Sales	5211
MO Dept of Nat. Res. Energy Grant	5377	Sliver Grant-Special Education	5441
MO Dept of Nat. Res. Energy Loan	5366	Special Milk Program	5447
MO School Age Children's Health Svc	5367	State Assessed Utility Tax	5221
MOTAP Project	5441	State Emer Management (SEMA) Funds	5372
National/Community Trust Act	5473	Student Organization Member Dues/Fees	5173
Net Insurance Recovery	5631	Success Leads to Success Grant	5365
Net Receipts From Clearing Accounts	5196	Success Link	5397
New Schools Pilot Project Grant	5361	Surcharge (M & M)	5115
Other County	5234	Summer Child Care	5357
Other Non-Current Revenue	5692	Summer Food Service Program	5481
Overplus	5211	Technology Grant, School Technology	5364
Pell Grants	5484	Technology Literacy Challenge Grant	5466
Premium on Bonds Sold	5143	Taxes, Current Year	5111
Prior Period Adjustment	5195	Taxes, Delinquent	5112
Private Car Tax	5221	Temporary Direct Deposit	5691
		Textbook (Foreign Insurance Aid)	5331
		Title I - ESEA	5451
		Title I - ESEA, Migrant	5452
		Title II - ESEA, Eisenhower Prof Develop	5465
		Title IV - ESEA, Safe & Drug Free	5461
		Title VI - ESEA, Innovative Ed Programs	5455

SECTION: ACCOUNTING**SUBJECT: REVENUE OBJECT CODE DESCRIPTIONS****PROCEDURE NO: CDE-405**

Transportation Fees From Patrons	5131
Transportation Received from Other LEAs	5841
Transportation (State Aid)	5312
Tuition, Adult Education (Post-Secondary)	5123
Tuition, Regular Day, (K-12)	5121
Tuition, Summer School	5122
Tuition from Other LEAs	5811
Unclaimed Tax Surplus	5211
Video Tax (State)	5352
Vocational/At-Risk	5322
Voc Education, Basic Grant	5427
Voc Education, Special Projects	5421
Voc Education Tech Prep Program	5431
Vocational Rehabilitation	5478
Vocational/Technical Aid (State)	5332
Voc-Tech Enhancement Grant	5359

SECTION: ACCOUNTING

SUBJECT: REVENUE OBJECT CODE DESCRIPTIONS

PROCEDURE NO: CDE-405

Revenue object code identifies the source of revenue and occupies the identical field in the code structure as the expenditure object codes. The revenue codes are, however, differentiated by the account classification code five (5) which precedes each revenue account while a six (6) precedes each expenditure account. It may be noted that a revenue transaction will not have a function code; this field is zero filled or left blank. Code numbers in the CLASS column and middle (subclass) column ending in zero are for subtotaling purposes only and are not used for posting transactions.

Apportionment of Tax Revenue: Tax revenues in Current Taxes (Revenue Code 5111), Delinquent Taxes (Revenue Code 5112), Financial Institution (Intangible) Taxes (Revenue Code 5114), M & M Surcharge Tax (Revenue Code 5115), and In Lieu of Tax (Revenue Code 5116) should be apportioned into each fund according to the adjusted tax levy and must be carried to at least five decimal places rounded back to four for total revenue amounts less than \$1,000,000. Total revenue amounts that exceed \$1,000,000 should be carried to at least six decimal places rounded back to five.

<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
5000		<u>Revenues</u>	
5100		<u>Revenues from Local Sources</u>	
5110		<u>Taxes</u>	
	5111	⌘ <u>Taxes, Advalorem, Current Year</u> Amounts derived from taxing real and personal property within the district for the current year.	Placed in each fund in the same proportion as the fund levy is to the total adjusted levy.
	5112	⌘ <u>Taxes, Delinquent</u> Amounts derived from prior years' taxes. Delinquent taxes received after June 30 for the prior year and delinquent taxes received with no tax year indicated.	Placed in each fund on the same basis as receipts from current taxes, EXCEPT where the previous years' obligations of the district would be affected by such distribution. Then the delinquent tax shall be distributed according to the tax levies established for the years in which the obligations were incurred.
	5113	<u>School District Trust Fund (Proposition C)</u> Amounts received from the state. One-half of the total received is used to roll back current tax levy unless a simple majority of voters have voted to forego all or part of the reduction per Section 164.013, RSMo.	50% is placed in the General and Special Revenue Funds based on the ratio of the tax rate for that fund to the total rate for the two funds. 50% is placed according to the fund or funds in which the rollback occurred.
	5114	⌘ <u>Financial Institution Taxes (Intangible)</u> Those taxes levied on the intangible assets of financial institutions such as banks or savings and loan associations.	Placed in each fund in the same proportion as the fund levy is to the total adjusted levy.
	5115	⌘ <u>M & M Surcharge</u> Surcharge on commercial real estate to replace revenue lost with the elimination of the merchants and manufacturing businesses' inventory tax. Protested M&M Surcharge is apportioned to this code.	Placed in each fund in the same proportion as the fund levy is to the total adjusted levy.
	5116	⌘ <u>In Lieu of Tax</u> Amounts received for property taken off the tax rolls.	Placed in each fund in the same proportion as the fund levy is to the total adjusted levy.

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SECTION: ACCOUNTING

SUBJECT: **REVENUE OBJECT CODE DESCRIPTIONS****PROCEDURE NO: CDE-405**

<u>CODE</u>			
<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
	5117	<u>City Sales Tax</u> Amounts received from a city voted sales tax.	Placed at the discretion of the local board.
	5118	<u>Kansas City Boulevard Tax</u> Amounts received from the Kansas City Boulevard Tax.	Placed at the discretion of the local board.
5120		<u>Tuition</u>	
	5121	<u>Regular Day School Tuition (K-12)</u> Amounts received from over-age and non-legally assigned students attending regular-day school in the district.	Placed in the General and Special Revenue Funds at the discretion of the local board per Section 165.011, RSMo.
	5122	<u>Summer School Tuition (K-12)</u> Amounts received from resident and non-resident students attending summer school in the district and for which state aid will <u>not</u> be claimed.	Placed in the General and Special Revenue Funds at the discretion of the local board per Section 165.011, RSMo.
	5123	<u>Adult/Continuing Education Tuition (Post-Secondary)</u> Amounts received from resident and non-resident students attending adult education classes in the district.	Placed in the General and Special Revenue Funds at the discretion of the local board per Section 165.011, RSMo.
5130		<u>Transportation</u>	
	5131	<u>Transportation Fees From Patrons</u> Amounts received from parents for transportation of students in the district.	General Fund
5140		<u>Earnings on Investments</u>	
	5141	<u>Earnings From Temporary Deposits</u> Net earnings-interest from <u>all</u> deposits and investments. Also includes penalties and interest from delinquent and protested taxes.	Placed in the fund in which the principal earned interest. Interest earned on tax revenue should be placed in the same proportion as the levy.
	5142	<u>Accrued Interest on Bonds Sold</u> Amounts received as accrued interest from the sale of bonds. When bonds are sold at a date later than the nominal issue date of the bonds, the selling price often includes, in addition to the principal of the bonds, an amount representing the interest that has accrued on the bonds since the nominal issue date.	Debt Service Fund
	5143	<u>Premium on Bonds Sold</u> An amount received when the sale of bonds sold is <u>higher</u> than the par value of the bonds. (Example: Bond Par value is \$1,000. Bonds are sold for \$1,010. There is a \$10 premium.) Record the total premium on all bonds sold.	Debt Service Fund

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<u>CODE</u>			
<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
5150		<u>Food Service - Pupils</u>	
	5151	<u>Sales to Pupils</u> Amounts received from pupils for the sale of meals served under the National School Lunch and Breakfast Programs.	General Fund
5160		<u>Food Service - Adults</u>	
	5161	<u>Sales to Adults</u> Amounts received from adults for the sale of meals served under the National School Lunch and Breakfast Programs.	General Fund
	5165	<u>Food Service - Non-Program</u> Amounts received from the sale of extra milk, a la carte, snack bar, vending, special meals, etc.	General Fund
5170		<u>Enterprise Sources</u>	
	5171	<u>Admissions</u> (Student Activities) Amounts received from patrons and students for a school-sponsored activity.	Placed in the operating funds at the discretion of the local board
	5172	<u>Bookstore Sales</u> Amounts received from patrons and students from the operation of a bookstore or sale of supplies.	Placed in the operating funds at the discretion of the local board
	5173	<u>Student Organization Membership Dues and Fees</u>	Placed in the operating funds at the discretion of the local board
	5179	<u>Other Pupil Activity Income</u> All other revenue from pupil activities not listed above.	Placed in the operating funds at the discretion of the local board
5180		<u>Community Services</u>	
	5181	<u>Community Services</u> Revenues from activities performed by the LEA as community services, not directly related to providing an education for pupils. Includes local dollars from parents for School Age Childcare.	Placed by fund according to expenditures for such services.
5190		<u>Other Revenue from Local Sources</u>	
	5191	<u>Rentals</u> Revenue from rental of school facilities or other property owned by the school district.	General Fund or Capital Projects Fund at the discretion of the local board.

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<u>CODE</u>			
<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
	5192	<u>Gifts</u> Amounts received from philanthropic or private organizations, individuals, or other sources for which no repayment or special service to the contributor is expected.	Placed in the fund where it can be expended to meet the purpose for which it was donated and accepted per Section 165.011, RSMo.
	5193	Future Program	
	5194	Future Program	
	5195	<u>Prior Period Adjustment</u> Recovery of items previously expended in a prior fiscal year. This also includes prior year accounts payable adjustments after final liquidation.	May be placed in any fund according to type of initial action.
	5196	<u>Net Receipts From Clearing Accounts</u> At the end of the accounting period, the excess of gross receipts over gross expenditures of revolving funds and clearing accounts that are under the jurisdiction and control of the board of education when such funds are available for general expenditure by the local board. Also included is the net of revenue over expense in the vocational houses built for resale. (See Inventory for Resale, General Ledger Account 1315).	May be placed in any fund according to type of initial action.
	5197	Future Program	
	5198	<u>Miscellaneous Local Revenue</u> All other revenues from local sources not covered by the above local revenue codes.	Placed in the General or Special Revenue Fund at the discretion of the local board.
5200		<u>Revenue from Intermediate Sources</u>	
	5210	<u>Tax Related - County</u>	
	5211	<u>Fines, Escheats, Overplus</u> Amounts received from the county school fund. All fines passing through the office of the County Clerk OR Circuit Clerk. Includes Sheriff's sales (foreclosure sale surplus) /unclaimed tax surplus/overplus surtax per Section 140.230, RSMo. Forfeitures are paid to the state rather than the district per Section 166.131, RSMo.	Special Revenue Fund
	5220	<u>Tax Collected by County For LEA</u>	
	5221	<u>State Assessed Utility Tax</u> Amount derived from county average levy for school purposes, capital project purposes and other purposes (Debt Service) on the assessed valuation of railroad and utility properties as assessed by the state.	Amount received for other purposes is placed in the Debt Service Fund. Amount received for capital project purposes is placed in the Capital Projects Fund. Amount received for school purposes is placed in the General and Special

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<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
	5221	(Continued). <u>(Does not include amounts generated from locally assessed Railroad and Utility property; these should be coded to Current Taxes, Revenue Code 5111)</u> This includes private car tax.	Revenue Funds in proportion to the adjusted levy in those two funds. Placed in the General or Special Revenue Fund at the discretion of the local board.
	5230	<u>Other County Revenue</u>	
	5231	<u>Federal Properties</u> Amounts received from federal properties through the county per Section 12.070, RSMo. These payments are based on revenue transmittals through the State Treasurer to each county from the United States Departments of Agriculture and Interior for forest management services/mineral leasing receipts based upon Section 2506 of the National Energy Bill. It also includes receipts paid through the county per Section 12.080, RSMo, as received from any federal department for leases of federal land subject to the Flood Control Act(33 U.S.C.A.) of 1928, as amended.	Placed in the General or Special Revenue Fund at the discretion of the local board.
	5234	<u>Other County Revenue</u> Penalties paid by concentrated animal feeding operations ✍ Proceeds of taxes paid by domestic insurance companies on premiums written per Section 148.330 (4), RSMo, (also called County Stock Insurance Fund) Other revenue received through the county not specified above.	Placed in the Special Revenue Fund. Placed in each fund in the same proportion as the fund levy is to the total adjusted levy. Placed in the operating funds at the discretion of the local board.
5300		<u>Revenue from State Sources</u>	
	5310	<u>Foundation Formula, State Aid</u>	
	5311	✍ <u>Basic Formula</u> Amounts received from the State Foundation Formula, Line 1, entitlement, minus Line 10 deductions (The calculated <u>apportionment</u> amount plus or minus prior year corrections).	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
	5312	✍ <u>Transportation</u> Amounts received from the state for transportation of school children.	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo, EXCEPT a specified percentage of the Transportation State Aid may be placed in the Capital Projects Fund as authorized by the General Assembly.

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<u>CODE</u>			
<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
5313	✂	<u>Exceptional Pupil</u> Amounts received from the state to provide for Special Education programs.	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
5314	✂	<u>Early Childhood (3 & 4 Year Old) Special Education</u> Amounts received from the state to provide for early childhood special education programs. (Federal revenues received for this program should be coded to Early Childhood Special Education, Revenue Code 5442.)	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
5315	✂	<u>Remedial Reading</u> Amounts received from the state for remedial reading programs.	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
5316	✂	<u>Gifted</u> Amounts received from the state for gifted programs.	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
5317	✂	<u>Career Ladder/Excellence in Education Act</u> Amounts received from the state through the Excellence in Education Act for the <u>career ladder salary supplement</u> .	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
5318	✂	<u>Free and Reduced Lunch/At-Risk</u> Amounts received from the State Foundation Formula, Line 14, for students eligible for free or reduced lunch who were enrolled on the last Wednesday in January for the preceding school year <u>and</u> were in attendance on one of the ten (10) preceding school days.	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
5319		Future Program	
5321		Future Program	
5322	✂	<u>Vocational/At-Risk</u> Amounts received from the state for alternate education centers/At-Risk centers funded through Section 167.332, RSMo. (Vocational Program Code 22-04)	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.
5323		Future Program	
5324	✂	<u>Educational and Screening Program Entitlement/ Parents As Teachers (PAT)</u> Amounts received from the state for Early Childhood Screening/Parents As Teachers (PAT) programs per Sections 163.031 and 167.332, RSMo.	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds per Section 163.031(7), RSMo.

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<u>CODE</u>			
<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
	5325	Future Program	
	5326	Future Program	
	5327	Future Program	
	5328	Future Program	
	5329	Future Program	
5330		<u>State Revenue</u>	
	5331	<u>Foreign Insurance Aid (Free Textbook)</u> Amounts received from the state for the purchase of textbooks, supplemental texts, library and reference books, contractual educational services and instructional supplies used by the children in the classroom per Section 170.051, RSMo.	General Fund
	5332	<u>Vocational/Technical Aid</u> Amounts received from the state that represent reimbursement for vocational education. This reimbursement represents the state's portion of the matching requirement per Sections 178.420 through 178.580, RSMo.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5333	<u>Food Service - State</u> Amounts received from the state for school lunch programs.	General Fund
	5334	<u>Fair Share (Cigarette Tax)</u> Amounts received from the distribution of state cigarette tax per Section 149.015.7, RSMo.	Placed in the General or Special Revenue Fund at the discretion of the local board.
	5335	<u>Desegregation Aid</u> Amounts received from the state for participation in Court-ordered desegregation plans. This includes fiscal incentives and capital improvements.	Placed by fund according to planned expenditures or court order.
	5336	<u>Excellence in Education Act (Incentive Grants)</u> Amounts received from the state through the Excellence in Education Act for Incentive Grants.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5337	<u>Adult Basic Education (ABE) - State</u> Amounts received from the state for adult education programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
	5338	<u>Adult Basic Education Literacy Grant</u> Amounts received from the state to encourage adult programs in rural areas where the adult student population will not support a regular ABE program. This grant requires a 40% local match.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5339	Future Program	
	5341	Future Program	
	5342	Future Program	
	5343	Future Program	
	5344	Future Program	
	5345	Future Program	
	5346	Future Program	
	5347	Future Program	
	5348	Future Program	
	5349	Future Program	
	5351	<u>Handicapped Census</u> Amounts received from the state for the identification of handicapped pupils per Section 162.990, RSMo.	Placed in the General or Special Revenue Fund at the discretion of the local board.
	5352	<u>Video Tax (State)</u> Amounts received from the state video tax. Includes initial access extension grant.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5353	<u>Job Development/Customized Training</u> Amounts received from the MO Dept. of Economic Development, MO Job Development Fund.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5354	<u>Futures Program, Job Development, Adult Basic Education (ABE)</u> State portion of revenue from MO Dept. of Social Services, Div. of Family Services passed through MO Dept. of Elem. and Sec. Ed. for adult basic education.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5355	<u>Futures Program, Job Development, Early Childhood/Parents As Teachers (PAT)</u> State portion of revenue from MO Dept. of Social Services, Div. of Family Services passed through MO Dept. of Elem. and Sec. Ed. for Early Childhood/Parents As Teachers.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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<u>CLASS</u>	<u>DETAIL</u>	
5356	<u>Futures Program, Job Development, Job Training</u> State portion of revenue from MO Dept. of Social Services, Div. of Family Services passed through MO Dept. of Elem. and Sec. Ed. for job training programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5357	<u>Summer Child Care</u> Amounts received from the MO Division of Family Services for summer child care programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5358	<u>Safe Schools Initiative Grant</u> Amounts received through the state for salaries, equipment, supplies, and programs that promote safe schools. Amounts may be received from the Division of Instruction for instructional purposes and/or from the Division of Vocational and Adult Education for equipment (capital outlay) (Program Code 21-04).	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5359	<u>Vocational-Technical Education Enhancement Grant</u> Amounts received through the Outstanding Schools Act/SB 380 (1993) to fund allowable expenditures as outlined in 5 CSR 60-120.070. (See Section 178.585, RSMo.) (Vocational Program Code 15-24)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5361	<u>New Schools Pilot Project Grant</u> Amounts received through the Outstanding Schools Act/SB 380 (1993) to fund allowable expenditures as outlined in 5 CSR 50-370.010. (See Section 162.1010, RSMo.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5362	<u>A+ Schools Grant</u> Amounts received through the Outstanding Schools Act/SB 380 (1993) to fund allowable expenditures as outlined in 5 CSR 60-120.060 (See Section 160.545, RSMo.) (Vocational Program Code 15-13)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5363	Future Program	
5364	<u>Grants for School Technology</u> Amounts received through the Outstanding Schools Act/SB 380 (1993) for the purchase of computers, data transmission lines, net-working hardware/software and science/math lab equipment as outlined in 5 CSR 50-380.010. (See Section 170.254, RSMo.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5365	<u>Success Leads to Success Grants</u> Amounts received through the Outstanding Schools Act/SB 380 (1993) to promote successful programs which result in a measurable improvement in student performance. (See Section 160.530, RSMo.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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<u>CLASS</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>	<u>PLACEMENT</u>
5366		<u>MO Department of Natural Resources (DNR)</u> <u>Energy Loans</u> Amounts received from the state for energy conservation programs pursuant to Sections 160-300-160.328, RSMo.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5367		<u>MO School Age Children's Health Services Grant</u> Amounts received through grant application with the MO Dept. of Health, Div. of Maternal, Child and Family Health, for planning, basic and expanded health services and school based health centers per HB 564 (1993). (See Section 167.603, RSMo.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5368		<u>Extended Day Child Care Program Grant</u> Amounts received from the state in the form of competitive School-Age Care grants to be used for the purchase of materials, supplies, equipment, training, salaries for activities includes salaries for program operation, licensing and accreditation of local programs. Priority given to new sites or sites increasing program availability.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5369		<u>Residential Placement/Excess Cost</u> Payments made for children in residential placements through the MO Dept. of Mental Health or Div. of Family Services pursuant to Section 162.970, RSMo.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5371		<u>Readers for the Blind</u> Amounts received from the state for readers for blind students.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5372		<u>State Emergency Management Agency (SEMA) Funds</u> Amounts received from the state for the state matching portion of a disaster assistance grant.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5373		<u>MO Department of Conservation Landscape Grant</u> Amounts received from the state for landscape purposes.	Placed in the Capital Projects Fund except that portion applied to administrative costs shall be placed in the General Fund.
5374		<u>Educare Grant</u> Amounts received directly from the MO Dept. of Social Services for training preschool workers.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT the revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5375		Future Program	
5376		<u>Select Teachers As Regional Resource (STARR)</u> Amounts received to pay replacement teachers that are taking the place of teachers selected and trained to conduct professional development training workshops at a university site.	Placed in the General or Special Revenue Fund at the discretion of the local board.

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<u>CLASS</u>			
5377		<u>MO Department of Natural Resources (DNR) Energy Grant</u> Amounts received as a competitive grant from the MO Dept. of Natural Resources through the Institutional Conservation Program (ICP) for energy conservation improvements to school facilities. Includes rubber (tire) chips for playground equipment.	Placed in the Capital Projects Fund except that portion that applies to administrative costs shall be placed in the General Fund.
5378		<u>Foreign Language Support Service Grant</u> Amounts received through the state for demonstration grants in critical foreign languages.	Placed in the General or Special Revenue Fund at the discretion of the local board.
5379		<u>English as a Second Language Support Service Grant</u> Amounts received through the state for programs that address English as a Second Language. (See also English as a Second Language (ESL)/Bilingual, 5479.)	Placed in the General or Special Revenue Fund at the discretion of the local board.
5381		<u>Extraordinary Costs - Special Education</u> Amounts received from state funds in the current year as a reimbursement for expenditures during the prior year made on behalf of a student with a disability when the current expenditure per EP exceeds five times the district's average. Reimbursement is made only for expenses which exceed this multiple of five.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital outlay purposes shall be placed in the Capital Projects Fund.
5382		<u>Missouri Preschool Project</u> Amounts received from the state for early childhood (three and four year old children) programs to prepare children for success upon entering kindergarten per HB 1519 (1998). (See Section 313.835, RSMo.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital outlay purposes shall be placed in the Capital Projects Fund.
5383		<u>Read to be Ready Grant</u> Amounts received from the state to improve reading instruction and reading assessment in grades K-3. This competitive grant program is designed to pay for professional development for K-3 teachers and administrators in the area of balanced literacy and for materials to support such a program.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital outlay purposes shall be placed in the Capital Projects Fund.
5384		Future Program	
5385		Future Program	
5386		Future Program	
5387		Future Program	
5388		Future Program	
5389		Future Program	
5391		Future Program	
5392		Future Program	

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<u>CLASS</u>			
	5393	Future Program	
	5394	Future Program	
	5395	Future Program	
	5396	Future Program	
	5397	<u>Other State Revenue</u> Amounts received from state agencies not listed above. (Includes Grant for Dual Credit, Success Link and Technology Training & Support Grant)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT the revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5400		<u>Revenue from Federal Sources</u>	
	5410-19	<u>Grants-In-Aid-Unrestricted, Direct</u> Amounts received directly from the federal government.	
	5411	<u>Impact Aid</u> Amounts received from federal funds by LEAs having increased enrollments due to federal activities. <u>Impact Aid, Restricted Purpose</u> should be coded to Revenue 5486.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5412	<u>Medicaid</u> Amounts received as a reimbursement for expenditures.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5413	<u>Federal Disaster Assistance</u> Amounts received from the federal government as a replacement of local tax revenue lost due to flooding or other disaster. Replacement is based on 90% of lost assessed valuation the first year, 75% of 90% the second year, 50% the third year, and 25% the fourth year.	Placed in each fund in the same proportion as the fund levy is to the total adjusted levy.
	5414	Future Program	
	5415	Future Program	
	5416	<u>Federal Housing</u> Amounts received from the federal government as a reimbursement for housing related expenditures.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5417	<u>Federal Flood Counseling</u> Amounts received from the federal government as a reimbursement for flood/counseling related expenditures.	Placed in the General or Special Revenue Fund at the discretion of the local board.
	5418	<u>Reserve Officer Training Corps (ROTC)</u> Amounts received from the federal government as a reimbursement for the various military services reserve officer training programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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5420-59		<u>Grants-In-Aid-Restricted, Federal through State</u> Amounts received from the federal government through the state.	
5421		<u>Special Vocational Projects/Other</u> Vocational Leadership revenue for special projects or other programs not listed in revenue codes 5424-31.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5422		Future Program	
5423		Future Program	
5424		Future Program	
5425		Future Program	
5426		Future Program	
5427		<u>Vocational Education Act-Title I, Basic Grant</u> Allocation of funds to improve vocational education programs with the full participation of individuals who are members of special populations. (Vocational Program Code 13-24)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5428		Future Program	
5429		Future Program	
5431		<u>Vocational Education Act-Title II, Tech Prep Program</u> Grants to LEAs for the development of four-year programs to provide a strong link between secondary and postsecondary educational institutions. (Vocational Program Code 46-07)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5432		Future Program	
5433		Future Program	
5434		Future Program	
5435		<u>Job Training Partnership Act (JTPA)</u> Includes only federal JTPA revenue flowing through DESE. (JTPA direct from other sources should be coded 5482.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5436		<u>Adult Basic Education (ABE) - Federal</u> Amounts received from the federal government flowing through the state for adult education programs. (See also Adult Basic Education - State, 5337.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5437		Future Program	
5438		Future Program	
5439		Future Program	

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5441		<u>Individuals with Disabilities Act (IDEA)</u> Amounts received through PL 102-142, previously known as PL 94-142, "Education of the Handicapped, Act B." (Includes Sliver Grant, Program Code SL-01.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5442		<u>Early Childhood Special Education - Federal</u> Amounts received from the federal government for early childhood special education programs. Includes IDEA, Part H/PL 102-119 & Section 619 grants.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5443		Future Program	
5444		Future Program	
5445		<u>School Lunch Program</u> Amounts received directly through DESE Food Service for the National Food Lunch Program. (Revenue received directly from the MO Dept. of Health is coded 5481.)	General Fund
5446		<u>School Breakfast Program</u> Amounts received directly through DESE for the School Breakfast Program. Includes receipts from one-time grant for breakfast program start-up.	General Fund
5447		<u>Special Milk Program</u> Amounts received directly through DESE for the Special Milk Program.	General Fund
5448		<u>After School Snack Program</u> Funds received as the USDA Federal reimbursement for allowable snack program expenditures. Revenue received from sources other than USDA for this program should be reported as 5165, Food Service Non-Program. Expenditures should be reported in 2561-Food Service.	General Fund
5449		Future Program	
5451		<u>Title I - Elementary and Secondary Education Amendments of 1965 (ESEA)</u> Amounts received through Regular Title I, appropriated from the US Congress. (Formerly Chapter 1)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5452		<u>Title I - ESEA, Migrant</u> Amounts received through the state for supplementary services to migratory children.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5453		Future Program	
5454		Future Program	
5455		<u>Title VI - ESEA, Innovative Education Programs</u> Amounts received through the state to support educational reform. Includes Smaller Class Size Initiative. (Formerly Chapter 2, Formula Grant)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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<u>CLASS</u>			
	5456	<u>Goals 2000, Title IV, LIFT Grant</u> Amounts received from Literacy Investment for Tomorrow (LIFT) and Parents as Teachers National center passing through the state for the Parents as Teachers program to serve high needs families with 3-4 year old children.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5457	<u>Goals 2000, Educate America Act, Title III, Systemic Improvement Grant</u> Amounts received from the federal government through DESE for districts to implement locally developed improvement plans directed towards meeting the state content and performance standards.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5458	<u>Goals 2000, Teacher Preservice and Professional Development Grant</u> Amounts received through the state in the form of competitive grants (no local match) for teacher preservice and professional development programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5459	Future Program	
	5460-79	<u>Other Federal Restricted, Through the State</u>	
	5461	<u>Title IV - ESEA, Safe and Drug Free Schools and Communities</u> Amounts received through the state for drug education and violence prevention programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5462	<u>Emergency Immigrant Education</u> Amounts received through the state for immigrant students.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5463	<u>Education for Homeless Children and Youth</u> Amounts received through the state for supplementary services to improve the effectiveness of education of homeless children and youth. Funded through the Stewart B. McKinney Homeless Children and Youth Act.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5464	<u>Foreign Language Assistance Program</u> Amounts received through the state for demonstration grants in critical foreign languages.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5465	<u>Title II - ESEA, Eisenhower Professional Development</u> Amounts received through the state for professional development in core subject areas.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5465	<u>Title II - ESEA, Eisenhower Professional Development</u> Amounts received through the state for professional development in core subject areas.	Placed in the General or Special Revenue Fund at the discretion of the local board.

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<u>CLASS</u>	<u>DETAIL</u>	
5466	<u>Technology Literacy Challenge Fund (TLCF) Grant</u> Amounts received from the federal government through the state for technology literacy programs. TLCF provides competitive, matching-fund grants for two types of programs: (1) Infrastructure grants to provide classroom computers and Internet access to districts with high levels of poverty and low levels of technology, and (2) Teaching and Learning grants to address staff technology training and curriculum integration projects.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5467	<u>School-Age Care Discretionary Fund Grant</u> Federal dollars received through MO Dept. of Health disbursed by DESE in the form of competitive School-Age Care (SAC) Grants to be used for the purchase of materials, supplies, equipment, training, salaries for activities, development of curriculum or other needed services (other than salaries for program operation), licensing and accreditation. These local grants are used by districts to implement or improve on existing quality SAC Programs in public schools only.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5468	<u>Futures Program, Job Development, Adult Basic Education (ABE)</u> Federal dollars received from the US Dept. of Health and Human Services through the MO Dept. of Social Services, Div. of Family Services passed through MO Dept. of Elem. and Sec. Ed. for adult basic education.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5469	<u>Futures Program, Job Development, Early Childhood Parents As Teachers (PAT)</u> Federal dollars received from the US Dept. of Health and Human Services through MO Dept. of Social Services, Div. of Family Services, passed through MO Dept. of Elem. and Sec. Ed. for Early Childhood/ Parents As Teachers programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund
5471	<u>Futures Program, Job Development, Job Training</u> Federal dollars received from the US Dept. of Health and Human Services through MO Dept. of Social Services, Div. of Family Services, passed through MO Dept. of Elem. and Sec. Ed. to school districts for job training programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital project purposes shall be placed in the Capital Projects fund.
5472	<u>Child Care Development Fund Grant</u> Federal dollars received through MO Dept. of Health disbursed by DESE. Revenue may be received from <u>both</u> Early Childhood <u>and</u> Community Education School-Age Care Sections in the form of competitive grants to be used for the purchase of materials, supplies, equipment, training, salaries for activities, development of curriculum or other needed services (other than than salaries for program operation), licensing and accreditation of local programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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<u>CLASS</u>			
5473		<u>National and Community Service Trust Act of 1993</u> Grant revenue flowing from the US Dept. of Labor through MO Dept. of Elem. and Sec. Ed. used to develop in-school volunteer programs such as nursing home visitation, clean-up of local parks, tutoring, big brother/big sister, etc. Also known as "Learn and Serve America" and "Missouri Service Learning." (Includes Service Learning and Leader School.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5474		<u>School to Work Grant</u> US Dept. of Education revenue passing through the state for programs encouraging direct entry into the labor force. (Vocational program code 47-18, 47-19)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5475		<u>AIDS Education Grant</u> Amounts received for AIDS education programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5476		<u>Even Start Family Literacy</u> Amounts received through the state for demonstration of family literacy programs.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5477		<u>Federal Emergency Management Agency (FEMA) Funds</u> Amounts received from the federal government passing through the State Emergency Management Agency for the federal match portion of disaster funds received as a result of a Presidential Disaster Declaration.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5478		<u>Vocational Rehabilitation</u> Amounts received as true revenue for the Vocational Rehabilitation Program. Does not include amounts received by a district as a reimbursement for expenditures.	Placed in the General or Special Revenue Fund at the discretion of the local board.
5479		<u>English as a Second Language (ESL)/Bilingual</u> Amounts received for programs that address English as a Second Language.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5480-89		<u>Other Grants-In-Aid-Restricted, Federal</u> Amounts received directly from the federal government/federal agencies.	
5481		<u>Summer Food Service Program</u> Amounts received from the MO Dept. of Health and <u>NOT</u> a part of the regular food service program.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
5482		<u>Job Training Partnership Act (JTPA)</u> JTPA revenue received from sources <u>other than DESE</u> .	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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	5483	<u>Headstart</u> Amounts received as a sub-grantee (delegate) to operate a headstart program.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5484	<u>Pell Grants</u> Amounts received from the federal government for an individual which enables that individual to enroll in an adult education program. This grant should not be handled as a receipt to the district but rather as a pass-through to the individual.	General Fund
	5485	<u>Desegregation Aid</u> Amounts received from the federal government for desegregation purposes.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5486	<u>Impact Aid, Restricted Purpose</u> Amounts received from the federal government by LEAs (due to federal activities) for a specific purpose.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.
	5487	Future Program	
	5488	<u>Goals 2000, Educate America Act, Title VII, Safe Schools</u> Amounts received <u>directly from the federal government</u> to plan and promote school safety programs directed towards reducing school violence and discipline problems.	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenues received for capital projects purposes shall be placed in the Capital Projects Fund.
	5489	<u>Facilities Infrastructure Improvement Grant</u> Amounts received from the US Secretary of Education through Title XII of the "Improving Americas Schools Act" to ensure the health and safety of students through the repair, renovation, alteration and construction of public elementary or secondary school libraries, media centers, or facilities used for academic or vocational instruction (competitive grant).	Placed in the Capital Projects Fund except for that portion received for administrative costs which shall be placed in the General Fund.
	5491	Future Program	
	5492	Future Program	
	5494	Future Program	
	5495	Future Program	
	5496	Future Program	
	5493	Future Program	
	5497	<u>Other Federal Revenue</u> Amounts received from federal sources not listed above. (Example - Refund of crude oil overcharge. Includes Comprehensive School Reform Grant.)	Placed in the General or Special Revenue Fund at the discretion of the local board EXCEPT that revenue received for capital projects purposes shall be placed in the Capital Projects Fund.

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	5498	Future Program	
5500		<u>Noncash - Revenue from Federal Sources</u>	
	5510	<u>Donated Commodities</u>	
	5511	<u>Donated Commodities</u> The value of donated commodities (food products) as received from the US Department of Agriculture, distributed through the Dept. of Elem. and Sec. Ed., School Food Service.	
5600		<u>Non-Current Revenue</u>	
	5610	<u>Sale of Bonds</u>	
	5611	<u>Sale of Bonds</u> Amounts received as principal from the sale of bonds.	Capital Projects Fund
	5630	<u>Insurance</u>	
	5631	<u>Net Insurance Recovery</u> Compensation or insurance recoveries for loss of school property <u>above</u> the cost of actual replacement or property not being replaced. (See Casualty/Loss Clearing Account, General Ledger Account 3320.)	Capital Projects Fund
	5640	<u>Sale of School Buses</u>	
	5641	<u>Sale of School Buses</u> Amounts received from the sale of school buses.	Capital Projects Fund
	5650	<u>Sale of Other Property</u>	
	5651	<u>Sale of Other Property</u> Amounts received from the sale of equipment such as cafeteria or instructional equipment. Also includes amounts received from the sale of a building or land or a combination of both. The sale of a building representing a vocational project for resale is credited in the General Fund to inventory for Resale, General Ledger Account 1315.	Capital Projects Fund
	5690	<u>Other Non-Current Revenue</u>	
	5691	<u>Temporary Direct Deposit Revenues</u> Amounts received from the Dept. of Elem. and Sec. Ed. representing the portion of state aid which is directly deposited into a designated trustee account for the participation in the MO Health and Educational Facilities Authority (MOHEFA) Direct Deposit Program.	Debt Service Fund
	5692	<u>Other Non-Current Revenue</u> Amounts received from sources other than those identified above. (See also PROCEDURE NO: PRC-522, <u>General Obligation Bonds</u> concerning the placement of refunding bonds)	Amounts received for school purposes are placed in the General or Special Revenue Funds. Amounts received for capital outlay purposes are placed in the Capital Projects Fund. Proceeds from a bond refunding are placed in the Debt Service Fund.

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<u>CLASS</u>	<u>DETAIL</u>		
5800		<u>Amounts Received from Other LEAs</u>	
5810		<u>Tuition from Other LEAs</u>	
	5811	<u>Tuition from Other LEAs - Regular Term</u> Amounts received from other LEAs for the regular school term.	Placed in the General and Special Revenue Fund at the discretion of the local board.
	5812	<u>Tuition from other LEAs - Summer School</u> Amounts received from other LEAs for summer school.	Placed in the General and Special Revenue Fund at the discretion of the local board.
5820		<u>Area Vocational School Fees from Other LEAs</u>	
	5821	<u>Area Vocational School Fees from Other LEAs</u>	Placed in the General and Special Revenue Fund at the discretion of the local board.
5830		<u>Contracted Educational Services from Other LEAs</u>	
	5831	<u>Contracted Educational Services from Other LEAs</u> Includes amounts received as Local Tax Effort from another school district.	Placed in the General and Special Revenue Fund at the discretion of the local board.
5840		<u>Transportation Amounts Received from Other LEAs</u>	General Fund
	5841	<u>Transportation Amounts Received from Other LEAs</u> Amounts received for interdistrict transportation of other districts' students <u>and</u> amounts received from a district serving as fiscal agent for Early Childhood Special Education (ECSE) transportation	General Fund General Fund

The manual user will observe that many revenue object codes do not have a significant digit in the fourth position. The individual school districts have the option of using these unspecified areas for local informational needs. For instance, in account 5150-Food Service - Pupils, it may be important to a district to utilize the following subobject classification:

<u>CODE</u>		<u>DESCRIPTION</u>
<u>CLASS</u>	<u>DETAIL</u>	
5150		<u>Food Service - Pupils</u>
	5151	School Lunch - Regular
	5152	School Lunch - Reduced Price
	5153	Breakfast - Regular
	5154	Breakfast - Reduced Price

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<u>CODE</u>	<u>DETAIL</u>	<u>DESCRIPTION</u>
2159		<u>Other Speech Pathology and Audiology Services</u> - Other activities concerned with Speech Pathology and Audiology Services not specifically addressed above.
2190		<u>Other Support Services - Students</u> - Other Support Services to students not addressed elsewhere in the 2100 entries.
2200		<u>Support Services - Instructional Staff</u> - Activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.
2210		<u>Improvement of Instruction Services</u> - Those activities which are designed primarily for assisting instructional staff in planning, developing, and evaluating the process of providing learning experiences for pupils. These activities include curriculum development, techniques of instruction, child development and understanding, staff training, teacher mentor/professional development, etc.
2211		<u>Service Area Direction</u> - The activities concerned with directing, managing, and supervising the Improvement of Instruction Services.
2212		<u>Instruction and Curriculum Development Services</u> - Those activities designed to aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques which stimulate and motivate pupils.
2213		<u>Instructional Staff Training Services</u> - Those activities designed to contribute to the professional or occupational growth and competence of members of the instructional staff during the time of their service to the school system or school. Among these activities are workshops, demonstrations, school visits, courses for college credit (tuition reimbursement), sabbatical leaves, and travel leaves. Those expenditures that fall <u>outside</u> the direction of the board approved school improvement plan.
2214		<u>Professional Development</u> - Those activities designed to contribute to the professional development of staff members during the time of their service to the school system. Those expenditures made to meet the requirement of Section 160.530, RSMo, (Outstanding Schools Act, 1993), to allocate at least one percent (1%) of current year basic formula <u>apportionment</u> (as taken from the June monthly formula calculation sheet from the School Finance Section, Missouri Department of Elementary and Secondary Education) AND expend 75% of that 1% <u>in the year received</u> for professional development meeting the objectives of a professional development plan which meets the objectives of a <u>board approved</u> school improvement plan.
2219		<u>Other Improvement of Instruction Services</u> - Other activities for improving instruction not specifically addressed above.
2220		<u>Educational Media Services</u> - Those activities concerned with the use of all teaching and learning resources, including hardware and content materials. Educational media are defined as any devices, content materials, methods, or experiences used for teaching and learning purposes. These include printed and non-printed sensory materials.

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<u>CODE</u>	<u>DESCRIPTION</u>
<u>CLASS</u>	<u>DETAIL</u>
2221	<u>Service Area Direction</u> - The activities concerned with directing, managing, and supervising Educational Media Services.
2222	<u>School Library Services</u> - Those activities such as selecting, acquiring, preparing, cataloging, and circulating books and other printed materials; planning the use of the library by teachers and other members of the instructional staff; and guiding individuals in their use of library books and materials, whether maintained separately or as a part of an instructional materials center or related work-study areas.
2223	<u>Audiovisual Services</u> - Those activities such as selecting, preparing, caring for, and making available to members of the instructional staff the equipment, films, filmstrips, transparencies, tapes, TV programs, Internet connections, and similar materials, whether maintained separately or as a part of an instructional materials center, audio-visual center, TV studio, and related work-study areas, and the services provided by audiovisual personnel.
2224	<u>Educational Television Services</u> - Those activities with planning, programming, writing, and presenting educational programs or segments of programs by way of closed circuit or broadcast television.
2225	<u>Computer-Assisted Instruction Services</u> - Those activities concerned with planning, programming, writing, and presenting educational projects which have been especially programmed for a computer to be used as the principal medium of instruction.
2229	<u>Other Educational Media Services</u> - Other Educational Media Services not specifically addressed above.
2290	<u>Other Support Services - Instructional Staff</u> - Other services supporting the instructional staff not specifically addressed above.
2300	<u>Support Services - General Administration</u> - Activities concerned with establishing and administering policy for operating the local education agency.
2310	<u>Board of Education Services</u> - The activities of the elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a given administrative unit.
2311	<u>Service Area Direction</u> - The activities concerned with Board secretary/clerical services, Board Treasurer services, election services, legal services, audit services, and other Board of Education Services.
2320	<u>Executive Administration Services</u> - Those activities associated with the overall general administration of or executive responsibility for the entire LEA.

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SUBJECT: FUNCTION CODE DESCRIPTIONS

PROCEDURE NO: CDE-406

<u>CODE</u>		<u>DESCRIPTION</u>
<u>CLASS</u>	<u>DETAIL</u>	
3600		<u>Welfare Activities Services</u> - Activities providing for the personal needs of individuals who have been designated as needy by an appropriate governmental entity. They include stipends for school attendance, salaries paid to pupils for work performed whether for the LEA or for an outside concern, or for clothing, food, or other personal needs.
3700		<u>Non-public School Pupils' Services</u> - This function reserved as a contingency for any legislation mandating that public schools handle some services for non-public pupils.
3800		<u>Custody and Care of Children Services</u> - Activities providing programs for the custodial care of children in residential day schools, or child-care centers which are not part of, or directly related to the instructional program, and where the attendance of the children is not included in attendance figures for the LEA.
3900		<u>Other Community Services</u> - Services provided for the community which cannot be classified under the preceding functions. Includes expenditures for food service costs associated with the USDA/MO Department of Health <u>Summer Food Service Program</u> and payments made to a student from a scholarship or trust fund.
4000		<u>Facilities Acquisition and Construction Services</u> - Those activities concerned with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation and extensions of service systems and other built-in equipment; and improvements to sites. Costs of these items are charged here within the Capital Projects Fund.
4010		<u>Service Area Direction</u> - The activities concerned with directing, managing, and supervising Facilities Acquisition and Construction Services.
4020		<u>Land Acquisition and Development Services</u> - Activities concerned with the initial acquisition of sites and improvements thereon.
4030		<u>Architecture, Engineering, and Legal Services</u> - The activities of architects, lawyers, engineers, and other professionals related to land acquisition and improvement, improvements to buildings, and bond sales. Includes expenditures for bond issuance costs from the Capital Projects Fund relating to <u>new issues</u> of bonds for capital outlay purposes which are to be repaid through the MOHEFA Direct Deposit Program. Expenditures for bond issues related to a <u>refunding</u> of bonded indebtedness are paid from the General (Incidental) Fund.
4040		<u>Educational Specifications Development Services</u> - Those activities concerned with preparing and interpreting to architects and engineers descriptions of specific space requirements for the various learning experiences of pupils to be accommodated in a building. These specifications are interpreted to the architects and engineers in the early stages of blueprint development.
4050		<u>Building Acquisition, Construction, and Improvements Services</u> - Those activities concerned with building acquisition through purchase or construction and building improvements. It includes initial installation or extension of service systems and other built-in equipment as well as building additions. Includes lease purchase principal payments when the district "capitalizes" such payments.

MISSOURI FINANCIAL ACCOUNTING MANUAL

SECTION: ACCOUNTING CODES

SUBJECT: FUNCTION CODE DESCRIPTIONS

PROCEDURE NO: CDE-406

<u>CODE</u>		<u>DESCRIPTION</u>
<u>CLASS</u>	<u>DETAIL</u>	
4090		<u>Other Facilities Acquisition and Construction Services</u> - Includes facilities acquisition and construction activities not specifically addressed above.
5000		<u>Long and Short Term Debt</u> - Activities servicing the debt of the LEA. Categories of debt services are listed under objects.
5100		<u>Principal</u> - Amounts paid for bonded indebtedness incurred by the school district, energy loans or other principal payments.
5110		<u>Bonded Indebtedness Principal</u>
5120		<u>Short Term Loans Principal</u>
5130		<u>Lease Purchase Agreement Principal</u> - This function is used only if the district does not capitalize the lease purchase.
5200		<u>Interest</u> - Interest paid by the school district.
5210		<u>Interest - Bonded Indebtedness</u>
5220		<u>Interest - Short Term Loans</u> - Interest paid by the school district on short term loans or tax anticipation notes.
5230		<u>Interest - Lease Purchase Agreements</u> - Interest paid by the school district on lease purchase agreements.
5240		<u>Discount on Bonds Sold (Interest Adjustment)</u> - Occurs when the sale of bonds sold is Lower than par value of the bonds. (Ex: Bond par value is \$1000. Bonds are sold for \$980. There is a \$20 discount.) Record the total discount on all bonds sold.
5300		<u>Other</u> - Amounts paid by the school district for debt related fees, etc.
5310		<u>Fees - Bonded Indebtedness</u> - Paying agent fees from the Debt Service Fund. Other bond issuance costs (bond counsel fee, registration fees, bond printing costs, etc.) are paid from the Capital Projects Fund (or from the Incidental Fund at the discretion of the district) for a new bond issue. Costs relating to a bond refunding must be paid from the Incidental Fund.
5320		<u>Fees - Short Term Loans</u>
5330		<u>Fees - Lease Purchase Agreements</u>

NOTE: Although the LEAs should attempt to categorize expense by function, occasionally the accounting principle of materiality will modify this approach. Specifically, if the district pays \$5.00 per person on workers' compensation, the posting effort for such a small amount spread through a dozen function codes would not materially enhance fair presentation of district program costs. In this instance, the total amount may be coded to Function 1110, Elementary Instruction. However, the LEA may wish to separate this expense for purposes of the food service program, transportation program, and federal programs since they operate on a cost reimbursement basis. Please discuss this issue with your independent auditor if in doubt as to the applicability of this principle.

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SECTION: ACCOUNTING CODES

SUBJECT: EXPENDITURE OBJECT CODE DESCRIPTIONS

PROCEDURE NO: CDE-407

<u>CLASS</u>	<u>CODE</u> <u>DETAIL</u>	<u>DESCRIPTION</u>
6461		<u>Warehouse Inventory Adjustment</u> - Expenditures which are the result of a deficit usually found in an audit or count of items held in a store or warehouse inventory. Expenditures for the purchase of these items are generally debited to General Ledger Asset Account 1311, Warehouse Inventory, and are charged to the proper appropriation as they are requisitioned. <u>Only a loss should be charged to this account.</u> If the physical inventory reflects an overage in items, the excess is debited to the appropriate general ledger asset account.
6470		<u>Food</u>
6471		<u>Food Supplies (Exclude Non-Food Supplies)</u> - Expenditures for food items only that relate to School Breakfast/Lunch/After School Snack/Special Milk/A La Carte programs.
6472		Not Used
6480		<u>Energy</u> - Expenditures for energy including gas, oil, gasoline, and services received from public or private utility companies.
6481		<u>Electric</u> - Expenditures for electricity services that are usually provided by public utilities. This includes those same services whether the utility company is public or private. <u>Expenditures for telephone, fax, Internet, postage machine rental and postage are not included in this group but are included in Expenditure Object 6361, Communication.</u>
6482		<u>Gas-Natural</u> - Fuel for heating purposes.
6483		<u>Gas-L.P.</u> - Liquid petroleum used for heating purposes.
6484		<u>Fuel Oil</u> - Fuel used for heating purposes.
6485		<u>Coal</u> - Coal normally used for heating.
6486		<u>Gasoline/Diesel</u> - Expenditures for gasoline/diesel purchased in bulk from a jobber or periodically from a service station.
6490		<u>Other Supplies</u>
6491		<u>Other Supplies and Materials</u> - Expenditures for all other supplies and materials not included above. Items included here would be food permits, and rent of ice cream machines.

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PROCEDURE NO: CDE-407

<u>CODE</u>	<u>DESCRIPTION</u>
<u>CLASS</u>	<u>DETAIL</u>
6500	<p><u>Capital Outlay</u> - Expenditures for the acquisition of fixed assets or additions to fixed assets. They are expenditures for land or existing buildings; improvements of grounds; construction of buildings; additions to buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment. <u>Lease purchase principal and interest with intent to acquire title must be treated as Capital Outlay.</u> It is important to differentiate between Expenditure Object 6500, Capital Outlay and Function 2540, Operation and Maintenance of Plant. Capital Outlay is an expenditure object, or what is purchased. Using the multidimensional coding structure, Capital Outlay may be related to all functions and subject matter areas should it be so desired. <u>For clarification of maintenance costs see Function 2540, Operation and Maintenance of Plant, and Expenditure Object 6332, Repairs and Maintenance. For improvement costs see Function 4000, Facilities Acquisition and Construction, and Expenditure Object 6521, Buildings, or Expenditure Object 6531, Improvements Other Than Buildings.</u></p>
6510	<u>Land</u>
6511	<u>Land</u> - Expenditures for the purchase of land.
6520	<u>Buildings</u>
6521	<p><u>Buildings</u> - Expenditures for acquiring buildings and additions, either existing or to be constructed. Included are expenditures for installment or lease purchase payments (except interest) which have a terminal date and result in the acquisition of buildings including mobile units, except payments to public school housing authorities or similar agencies. Expenditures for major permanent structural alterations and the initial or additional installation of heating and ventilating systems, electrical systems, plumbing systems, fire protection systems, and other service systems in <u>existing buildings</u> are included as well as professional fees (architect, engineer, etc.) considered as a part of a particular project. Additional expenditures include bond issuance costs on new issues through the MOHEFA Direct Deposit program when the bonds are for funding the acquisition or construction of <u>new</u> buildings or additions.</p>
6530	<u>Improvements Other Than Buildings</u>
6531	<p><u>Improvements Other Than Buildings</u> - Expenditures for the initial and additional improvement of sites and adjacent ways after acquisition by the LEA, consisting of such work as grading, landscaping, seeding, and planting of shrubs and trees; constructing new sidewalks, roadways, retaining walls, sewers and storm drains; installing hydrants; initial surfacing and oil treatment of athletic fields and tennis courts; <u>furnishing and installing for the first time</u> fixed playground apparatus, flagpoles, gateways, fences, and underground storage tanks which are not parts of building service systems; and demolition work.</p> <p>Special assessments against the LEA for capital improvements such as streets, curbs, and drains are also recorded here.</p>
6540	<u>Equipment</u>

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PROCEDURE NO: CDE-407

<u>CODE</u>	
<u>CLASS</u>	<u>DETAIL</u>
	<u>DESCRIPTION</u>
6541	<u>Regular Equipment</u> - Expenditures for the initial, additional, and replacement of equipment items, such as furniture and machinery. This includes expenditures for two-way radios, fax machines, satellite dishes, and cellular phones. In order to differentiate between initial or additional equipment purchases and replacement equipment purchase, it is recommended that subaccounts be established with those titles.
6542	<u>Equipment - Classroom Instructional Apparatus</u> - Expenditures for classroom instructional apparatus other than furniture. (Includes the lease purchase of a musical instrument.)
6550	<u>Vehicles</u>
6551	<u>Vehicles (Except School Buses)</u> - Expenditures for the purchase of conveyances to transport persons or objects.
6552	<u>Pupil Transportation Vehicles (School Buses)</u> - Type A, B, C, or D buses as specified in Missouri Minimum Standards for School Buses. Limited to costs for school bus outright purchase or lease purchase <u>principal only</u> . Interest is a non-allowable school bus depreciation cost and should be coded to Function 5231 - Expenditure Object 6623, Interest - Lease Purchase Agreements. Additional information concerning lease purchase interest as it may be applied to the depreciation schedule can be found in the Missouri Transportation Aid Document Preparation Manual .
6590	<u>Other Capital Outlay</u>
6591	<u>Other Capital Outlay</u> - Expenditures for Other Capital Outlay not specifically addressed above (such as administrative fees for bus lease purchase, band uniforms, etc.).
6600	<u>Long and Short Term Debt</u> - Expenditures for the retirement of debt, the payment of interest on debt, and the payment of fees.
6610	<u>Principal</u>
6611	<u>Redemption of Principal</u> - Expenditures which are from current funds to retire serial bonds in the Debt Service Fund or other uses in the Capital Projects Fund.
6612	<u>Redemption of Principal - Short Term Loans</u>
6613	<u>Redemption of Principal - Lease Purchase</u> - Used only if the district does not capitalize the lease purchase.
6620	<u>Interest</u> - Expenditures from current funds for interest on serial bonds and tax anticipation notes. Function 5000, Long and Short Term Debt, is used for both types of expenditures. Interest mainly occurs in the Debt Service Fund; however, it may occur in any fund in which a tax anticipation loan occurred. Expenditures for interest on asbestos loans and lease purchase arrangements would occur in the Capital Projects Fund

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<u>CLASS</u>	<u>CODE</u> <u>DETAIL</u>	<u>DESCRIPTION</u>
6621		<u>Interest - Serial Bonds</u> - Expenditures from current funds for interest on serial bonds.
6622		<u>Interest - Tax Anticipation Notes</u> - Expenditures from current funds for interest on tax anticipation notes.
6623		<u>Interest - Lease Purchase Agreements</u> - Expenditures from current funds for interest on lease purchase agreements (including school bus lease purchases).
6624		<u>Discount on Bonds Sold (Interest Adjustment)</u>
6630		<u>Fees</u>
6631		<u>Fees</u> - Expenditures relating to the costs of issuance for bond issues and paying agent fees. Costs of issuance for a <u>new bond issue</u> may be paid from either the Capital Projects Fund or the Incidental Fund (at the discretion of the district). Costs of issuance for a <u>refunding bond issue</u> are paid from the Incidental Fund. <u>Paying agent fees</u> for services rendered for bonded indebtedness transactions are paid from the Debt Service Fund.
6632		<u>Fees</u> - Short Term Loans
6633		<u>Fees</u> - Lease Purchase Agreements

The manual user will observe that many expenditure object codes do not have a significant digit in the fourth position. The individual school district has the option of using these unspecified areas for local informational needs. For instance in Expenditure Object 6111, Certificated Teacher Salaries, it may be important to a particular district to utilize the following detail classification:

<u>CLASS</u>	<u>CODE</u> <u>DETAIL</u>	<u>DESCRIPTION</u>
6110		<u>Certificated Teacher Salaries</u>
6111		Administrator - Certificated (Missouri Department of Elementary and Secondary Education)
6112		Teacher - Certificated (Missouri Department of Elementary and Secondary Education)
6113		Other - Certificated (Missouri Department of Elementary and Secondary Education)

SECTION: ACCOUNTING PROCEDURES

SUBJECT: LEASE PURCHASEPROCEDURE NO: PRC-521

XXI. Lease Purchase

A school district has only two options available when entering into a lease purchase transaction for the purpose of making a capital outlay expenditure. Option one is the lease purchase authorization found in Section 177.088, RSMo, which requires a district to enter into an agreement with a not-for-profit corporation.

The requirement to conduct a lease purchase through a not-for-profit corporation restricts a district's ability to directly incur "debt" through a bank, bus company, or other for-profit type organization. Option two is a new lease purchase option available only for the purchase of energy savings equipment (lighting, controls, etc.) purchased through a Guaranteed Energy Savings Performance Contract authorized per Section 8.231(6), RSMo. Section 8.231, RSMo, appears to provide authority to lease purchase outside the constraints of Section 177.088, RSMo. This means a lease purchase agreement may be made directly with an equipment vendor if the conditions of Section 8.231, RSMo, are met. Transfers required from the Incidental Fund to the Capital Projects Fund to pay the principal and interest for a lease purchase agreement as a part of a guaranteed energy savings performance contract are authorized per Section 165.011(11), RSMo, only if the criteria described in Section 8.231, RSMo, are met.

This section will deal with the typical lease purchase entered into per section 177.088, RSMo.

As provided in Section 165.011(5), RSMo, the cost of a lease purchase entered into after January 1, 1997, may not be paid using the \$.18/.06 Revenue Transfer. For most districts, this would require a separate levy in the Capital Projects Fund to cover the principal, interest, and fees for the new lease purchase agreement. *(NOTE: The restriction on the use of the \$.18/.06 Revenue Transfer does not apply to the lease purchase of a school bus entered into per Section 177.088, RSMo, or copy machines used only for office operations, even if entered into after January 1, 1997.)* Other methods of financing the lease purchase cost may include the commitment of Capital Projects Fund balances for the life of the agreement if balances are sufficient. Under no circumstance may the \$.18/\$.06 Revenue Transfer be used to pay for new lease purchase agreements entered into per Section 177.088, RSMo, after January 1, 1997 (other than the two exceptions noted above).

The district should be aware of the distinction made between a "lease" or "rental" with no intent to acquire title (General (Incidental) Fund expenditure) and a lease purchase agreement where a district will take title to property (Capital Projects Fund expenditure) at some future date.

Remember, Section 177.088 (11), RSMo, provides that if a district plans to take title to property purchased with a lease/rental or third party lease purchase, the expenditure for principal and interest **MUST** be paid from the Capital Projects Fund. If the transaction is treated as a rental, paid from the General (Incidental) Fund, and a buy-out with assumption of title is offered to the district at the end of the lease/rental period, the full amount expended for the property will be deducted as an adjustment to the funds payable to the district pursuant to Section 163.031, RSMo, (Basic Formula) in the year following the transfer of title to the district.

When a district enters into a Not-for-Profit lease purchase with a third party to acquire a new building the third party corporation will actually build and own the building for the term of the lease purchase agreement. All construction expenditures will be made by the third party not-for-profit organization. The school district **WILL NOT PAY ANY CONSTRUCTION COSTS**. However, the local board of education may review and approve all appropriate construction invoices/bills prior to the third party paying such invoices/bills. Once again, **CONSTRUCTION EXPENDITURES WILL NOT BE REFLECTED IN THE SCHOOL DISTRICT ACCOUNTING RECORDS**.

The only expenditures indicated on the school district books are the annual lease purchase principal, interest, and fees made to the corporation. This would be recorded as a Capital Projects Fund expenditure with the principal charged to the Capital Projects Fund, Function Code 4050, Facilities Acquisition and Construction, Expenditure Object Code 6521, Buildings. The amount charged as interest would be recorded in the Capital Projects Fund, Function Code 5230, Object Code 6623.

MISSOURI FINANCIAL ACCOUNTING MANUAL

SECTION: ACCOUNTING PROCEDURES

SUBJECT: LEASE PURCHASE

PROCEDURE NO: PRC-521

The total value of the construction project should be recorded in the district's General Fixed Assets Account Group and Subsidiary Accession Ledger (see PROCEDURE NO: PRC-513, Capital Expenditures and Accounting for Fixed Assets) if applicable to the district. Consideration should also be given to recording an entry in the General Long-Term Debt Account Group. Consultation with the district auditor would be of benefit in this process. **Remember, there will be no entry in the Debt Service Fund for the duration of this lease purchase. The Debt Service Fund is used only to service general obligation bonded indebtedness.** The entries are as follows:

<u>Revenues</u> (When a Capital Projects Fund levy is established)	<u>DEBIT</u>	<u>CREDIT</u>
1) Cash	50,000	
Revenues - Taxes, Current (5111)		26,000
Revenues - Taxes, Delinquent (5112)		13,000
Revenues - State Assessed Utility Tax (5221)		11,000

To record the receipt of various revenues.

Expenditures

2) Expenditures - Facilities Acquisition and Construction. (4050 Principal Amount of Lease Payment <u>Only</u>) (6521 Expenditure Object)	43,000	
Expenditures - Interest (5230.6623)	12,500	
Cash		55,500

To record yearly lease purchase payment.

The Not-for-Profit corporation pays all of the bills so these expenditures are not reflected in the school district's books thus eliminating the chance for doubling or inflating expenditures for the school district. If a school district had to lay out some up front money to a contractor or architect and the not-for-profit sends the school district a check, the district should deposit the check and record it as a credit against the expenditure account so as to reverse that initial expenditure transaction already on the books.

In districts utilizing a Modified Accrual basis of accounting, based upon the Financial Accounting Standards Board (FASB SFAS No. 13), ownership of the property transferring to the lessee (the school district) by the end of the lease term is one of the criteria by which a lease is to be capitalized. This capitalized lease then represents the purchase or construction of general fixed assets which should be shown as an expenditure and other financing source in a governmental fund (National Council on Governmental Accounting, NCGA -5).

The accrual district should record the total value of the leased assets in the General Fixed Assets Account Group. In the first year of acceptance of construction funds for the lease purchase, the total cost of the asset (building) will be booked as an expenditure under the proper function and object codes; (for example: Function 4050, Object 6521) and the total principal amount of the lease purchase agreement as Other Non-Current Revenue, Code 5690 to offset the indicated expenditure. In subsequent years, only the lease purchase principal and interest payments would be recorded in Function Code 5100, Principal and 5200, Interest (net interest), respectively. Keep in mind that only the net interest cost should be recorded as opposed to showing a revenue and a larger interest expenditure.

SECTION: ACCOUNTING PROCEDURES

SUBJECT: GENERAL OBLIGATION BONDSPROCEDURE NO: PRC-522

XXII. Bond Transactions

A school district may issue bonds for a variety of purposes as defined by Section 164.121, RSMo. A school district may issue original (or new) bonds or a district may refund (refinance) existing bonds. It is important to remember the correct placement of bond proceeds and the correct fund from which issuance costs may be paid. These are as follows:

1. *New bond issue:* Proceeds are always placed in the Capital Projects Fund since this is the fund from which all planned capital expenditures will be made. Issuance costs are typically paid from the Capital Projects Fund where the bond proceeds have been placed but may, at the discretion of the district, be paid from the General Fund. Typical issuance costs include bonding attorney costs, costs of bond sales, registration fees, bond printing costs and other costs associated with issuing the bonds. (NOTE: Paying agent fees are paid from the Debt Service Fund.)
2. *Refunding bond issue:* Proceeds are actually placed in an escrow account but are accounted for in the Debt Service Fund from which expenditures to pay off existing debt will be made. Issuance costs are always paid from the General Fund. Typical issuance costs include bonding attorney costs, costs of bond sales, registration fees, bond printing costs, and other costs associated with issuing the bonds. (NOTE: Paying agent fees are paid from the Debt Service Fund.)

The journal entries associated with either type of bond issue are complex. Further complicating the issue of bonds is a combined issuance where a district issues new bonds along with a refunding of existing bonds. In this case, care must be taken to ensure the proper entries are made for each transaction individually. Section "A" below provides a series of entries typically used to record a new issue of bonds. Section "B" provides a series of entries typically used to record various types of bond refundings.

Section A. Issuance of New Bonds:

The following transactions address a typical new issue scenario but may not address every situation encountered. If questions arise, the district auditor may be a valuable resource in resolving a journal entry question.

Assumptions:

New Bonds Issued	\$18,000,000.00
Discount on Bonds Sold *	\$133,768.90
Premium on Bonds Sold *	\$159,591.65
Accrued Interest	\$2,744.30
Costs of Issuance	\$259,257.02

* There will not always be a discount and a premium. Most issues have neither. Some have either a discount or premium. This example happens to have both a premium and a discount.

The transaction above should appear on the Annual Secretary of the Board Report (ASBR) as follows:Part II--Revenue Summary in the Capital Projects Fund:

5610 Sale of Bonds	18,000,000.00
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Part II--Revenue Summary in the Debt Service Fund:

5140 Earnings on Investments	2,744.30
5143 Premium on Bonds Sold – Interest Adjustment	159,591.65

Part III—Expenditures in the Capital Projects Fund:

5310-6631 Issuance Costs for Bonded Indebtedness (May also be made from the Incidental Fund)	259,257.02
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SUBJECT: GENERAL OBLIGATION BONDS

PROCEDURE NO: PRC-522

Part III—Expenditures in the Debt Service Fund:

5240-6624 Discount on Bonds Sold – Interest Adjustment	133,768.90
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Part IV Section 3, Long and Short Term Debt

8001 Balance, Beginning of Year	\$0.00
8002 Amount Borrowed During Year	18,000,000.00
8003 Amount Repaid During Year	0.00 *
8004 Balance, End of Year	18,000,000.00 *
8005 Interest Paid During Year	0.00 *

* These may be different if the new bonds require a payment during the fiscal year in which the bonds are issued.

Detail of Part I, 3412, Restricted Fund Balance By Fund:

1004 Bond Proceeds (Capital Projects Fund)	18,000,000.00
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This represents the unspent bond proceeds at the end of the fiscal year (the example assumes total proceeds are unspent at the end of the fiscal year). These funds are restricted for the purposes for which the bonds were issued.

ISSUANCE OF NEW BONDS – JOURNAL ENTRIES

Example A – New bonds sold at par, premium, or discount when there are sufficient funds in the Debt Service Fund. If there are not sufficient funds in the Debt Service Fund to pay the discount, see Example B.

	<u>Account Number</u>	<u>DR</u>	<u>CR</u>
<u>General Long-term Debt Account Group:</u>			
Amount to be provided for Payment of Bonds	1611	\$18,000,000.00	
Amount Available for Payment of Accrued Int.	1630	2,744.30	
Bonds Payable	2711		\$18,000,000.00
Accrued Bond Interest Payable	2142		2,744.30

Capital Projects Fund:

To record the issuance of the bonds.

Cash	1111	\$18,000,000.00	
Sale of Bonds	5610		\$18,000,000.00

To record the payment of bond issuance costs. (May also be paid from the **General Fund**)

Bond Issuance Costs	5310-6631	\$ 259,257.02	
Cash	1111		\$ 259,257.02

Debt Service Fund:

To record the amount of monies received for accrued interest upon issuance of the bonds.

Cash	1111	\$ 2,744.30	
Accrued Interest on Bonds Sold	5142		\$ 2,744.30

To record the bond premium.

Cash	1111	\$ 159,591.65	
Premium on Bonds Sold – Int. Adj.	5143		\$ 159,591.65

To record the bond discount. (If there are not sufficient funds in the Debt Service Fund, see Example B.)

Cash	1111	\$ 133,768.90	
Discount on Bonds Sold – Int. Adj.	5240-6624	\$ 133,768.90	

MISSOURI FINANCIAL ACCOUNTING MANUAL

SECTION: ACCOUNTING PROCEDURES

SUBJECT: GENERAL OBLIGATION BONDS

PROCEDURE NO: PRC-522

Example B – New bonds sold at a discount when there are not sufficient funds in the Debt Service Fund to cover the discount. All entries are the same as Scenario 1, except the following two.

	<u>Account Number</u>	<u>DR</u>	<u>CR</u>
<u>Capital Projects Fund:</u>			
To record the issuance of the bonds and the bond discount that is owed to the Capital Projects Fund.			
Cash	1111	\$17,866,231.10	
Due From Debt Service Fund	1296	\$ 133,768.90	
Sale of Bonds	5610		\$18,000,000.00

Debt Service Fund:

To record the bond discount and the amount that is owed to the Capital Projects Fund.

Due to Capital Projects Fund	2187	\$ 133,768.90	
Discount on Bonds Sold – Int. Adj.	5240-6624		\$ 133,768.90

When the district receives tax revenue and can reimburse the Capital Projects Fund for the amount of the discount, the following transactions need to be made.

Capital Projects Fund:

Cash	1111	\$ 133,768.90	
Due from Debt Service Fund	1296		\$ 18,000,000.00

Debt Service Fund:

To record the bond discount and the amount that is owed to the Capital Projects Fund.

Cash	1111	\$ 133,768.90	
Due to Capital Projects Fund	2187		\$ 133,768.90

Section B. Issuance of Refunding Bonds:

There are two types of debt refundings:

Current refundings -- The old bond issue is callable within 90 days of the issuance of the new issue and the proceeds of the new issue are used immediately to repay the old issue.

Advance refundings -- The old bond issue is not callable within 90 days of the issuance of the new issue. Advance refundings are further identified as either **defeased** or **crossover**.

Defeased -- The proceeds of the new issue are placed into an escrow account and used to pay all of the portion of the old issue being refunded (principal and interest) up to and including the call date. This results in a defeasance of the portion of the debt being refunded as the old issue becomes the responsibility of the escrow account trustee and the district begins paying on the new issue immediately. Therefore, the portion of the old issue that is defeased is removed from the district's financial statements and the money in the escrow account is not reflected in the district's financial statements. In some cases, the district may have to add additional monies to the escrow account from the Debt Service Fund in order for the escrow account to be able to satisfy all of the payments on the old issue. Often the purpose of this type of refunding is to restructure the district's debt payments.

Crossover -- The proceeds of the new issue are placed into an escrow account. However, unlike defeased bonds, the escrow account pays only the interest payments on the new issue and the district continues to make all of the payments on the old issue until the optional call date of the old bonds. This date is often referred to as the crossover date. Under this type of refunding, the payments to be made by the district will not change until the crossover date. From the date of the refunding to the crossover date, the district will continue making the payments on the old bonds. The old bonds will remain on the district's books due to the fact that these bonds have not been defeased. Consequently, both the new issue and the old issue would be reported in the district's financial records until the crossover date. At the crossover date, the old bonds become callable, which means the old issue is defeased and removed from the district's financial statements. The district then begins making payments on the new issue. The district will record the refunding bonds (new issue) as a liability or increase in bonds

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outstanding. The securities purchased or assets acquired from the bond proceeds (escrow account) will be recorded as an increase in the district's Debt Service Fund, with the escrow amount shown as "restricted". Therefore, there is no net increase in total debt outstanding as the escrow account assets offset the increased liability of the refunding bonds. The ultimate effect of a crossover refunding is to reduce the bond payments (cash flow requirements) from the crossover date to the final maturity of the old issue.

Differences in Advanced Refundings:

	Defeasance	Crossover
The district:	Immediately begins making all payments that are required for the new issue.	Continues to pay all required payments of the old bonds until the crossover date. At the crossover date the district begins making payments on the new issue.
The escrow account:	Is fully funded so that it can make all required payments of the old issue.	Pays the interest payments on the new issue until the crossover date. At the crossover date the balance in the escrow account pays off the old bonds.
The debt of the district includes:	Only the new bonds. The old bonds are completely written off the district's books.	Both the new and the old bonds until the old bonds are paid off on the crossover date.
Accrued interest is sent to:	The district.	The escrow account.

The following examples may not exactly correspond with the documents the district receives during the bond issuance. Some bond underwriters will net the costs of issuance against the bond proceeds and send a check (wire transfer) for the net difference. The following information shows what the district needs to report on the Annual Secretary of the Board Report.

The only expenditure for "Other Fees" that may be paid from the Debt Service Fund is for paying agent fees. If the bond transaction is a **refunding of existing bonds**, other fees such as the bond attorney costs, costs of bond sales, registration fees, bond printing, and other costs associated with issuing bonds are paid from the **General (Incidental) Fund**, (RSMo 108-180 & 108-140.1, MO Const Article VI, Sect 29). Based on these statutory and constitutional provisions, it appears that a district **cannot** receipt refunded bond proceeds into the General Fund for the payment of issuance costs, or for any other reason.

EXAMPLE A: CURRENT OR DEFEASED REFUNDING OF BONDS – ASBR REPORTING

Assumptions:

New Issue	\$3,090,000.00
Old Issue Balance	3,100,000.00
Amount of District Contribution	400,700.63
Accrued Interest (Paid to the district on defeasance)	10,493.12
Costs of Issuance	61,800.00

Two wire transfers may occur on the settlement date:

1) Accrued interest is sent to the district	10,493.12
2) Net proceeds from the new issue are sent to the escrow account (New issue minus costs of issuance)	3,028,200.00

The district then sends a check to the escrow account to fully defease the old issue:

\$ 61,800.00	costs of issuance (from General Fund) ²
+ 10,000.00	principal difference in the old and new issues (from Debt Service Fund)
+ 328,900.63	future interest payments (from Debt Service Fund) ¹
<u>\$ 400,700.63</u>	Total District Contribution

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The above transaction should appear on the Annual Secretary of the Board Report (ASBR) as shown below:

Part II--Revenue Summary in the Debt Service Fund (Column 3)

5690 Other Non-Current Revenue	3,090,000.00
5142 Accrued Interest	10,493.12

Part III-B—Expenditures

5110-6611 Principal – Debt Service Fund	3,100,000.00
5210-6621 Interest – Debt Service Fund	328,900.63 ¹
5310-6631 Other Fees, etc. (<u>Debt Service Fund</u> for Paying Agent Fees or <u>General Fund</u> (III-A, B, and C) for all other fees per footnote 2)	61,800.00 ²

Part IV Section 3, Long and Short Term Debt

8001 Balance, Beginning of Year	3,100,000.00
8002 Amount Borrowed During Year	3,090,000.00
8003 Amount Repaid During Year	3,100,000.00
8004 Balance, End of Year	3,090,000.00
8005 Interest Paid During Year	328,900.63

The defeased bonds are no longer on the district's books. Line 8003 shows that bonds have been paid. The money in the escrow account is not listed in fund balances.

EXAMPLE A: CURRENT OR DEFEASED REFUNDING OF BONDS – JOURNAL ENTRIES

	<u>Account Number</u>	<u>DR</u>	<u>CR</u>
<u>General Long-Term Debt Account Group:</u>			
Amount to be Provided for Payment of Bonds	1611	\$3,100,000.00	
Amount Available for Payment of Accrued Int.	1630	10,493.12	
Bonds Payable	2711		\$3,100,000.00
Accrued Bond Interest Payable	2142		10,493.12

Debt Service Fund:

To record the amount of monies received for accrued interest upon issuance of the bonds.

Cash	1111	\$ 10,493.12	
Accrued Interest on Bonds Sold	5142		\$ 10,493.12

To record the issuance of the bonds

Cash	1111	\$3,090,000.00	
Other Noncurrent Sources— Sale of Refunding Bonds	5692		\$3,090,000.00

¹ Calculation of 5210-6621 Interest:

New Issue	\$3,090,000.00
Costs of Issuance	<u>61,800.00</u>
Net Amount Received from New Issue	3,028,200.00
Plus Amount of District Contribution	400,700.63
Minus Old Issue	<u>(3,100,000.00)</u>
Interest Expense	<u>\$ 328,900.63</u>

² The only expenditure for "Other Fees" that may be paid from the Debt Service Fund is for paying agent fees. Other fees such as the bond attorney costs, costs of bond sales, registration fees, bond printing, and other costs associated with issuing bonds are paid from the **General (Incidental) Fund** if the bond transaction is a **refunding of existing bonds**.

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To record the payment of principal.

Bond Principal	5110-6611	\$3,100,000.00	
Cash	1111		\$3,100,000.00

To record the district contribution to the escrow account that is required to fund the future interest payments to fully defease the old bond issue.

Interest	5210-6621	\$ 328,900.63	
Cash	1111		\$ 328,900.63

General (Incidental) Fund:

To record the payment of bond issuance costs.

Bond Issuance Costs	5310-6631	\$ 61,800.00	
Cash	1111		\$ 61,800.00

EXAMPLE B: CROSSOVER REFUNDING OF BONDS – ASBR REPORTING

When a crossover refunding occurs, the district continues to make the bond principal and interest payments on the old issue and the escrow account pays the interest on the new issue until the crossover date. Therefore, it is necessary in this example to reflect two separate types of transactions – issuance of the refunding bonds and payments made on the old issue. The majority of crossover refundings are partial refundings of old bonds rather than a refunding of the full issue.

Assumptions:

First Transaction:

New Issue	\$1,690,000.00
Balance Outstanding on Old Issue (including callable bonds of \$1,690,000.00)	2,500,000.00
Accrued Interest (Paid to escrow account on crossover)	2,572.01
Costs of Issuance	33,800.00

There may be some instances where the district would need to add to the escrow account from the Debt Service Fund to make sure the escrow account can fully pay interest payments as they come due. Please consult with School Finance and your bond counsel if this should happen.

Second Transaction:

Current Year Payment on Old Issue	70,000.00
Interest Payment on Old Issue	111,155.00

The first transaction above should appear on the Annual Secretary of the Board Report (ASBR) as follows:

Part I --Detail of Part I 3412 Restricted Fund Balance of Debt Service Fund

1005 Escrow Account for Crossover Refunding	1,692,572.01
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Part II--Revenue Summary in the Debt Service Fund (Column 3)

5690 Other Non-Current Revenue	1,690,000.00
5140 Earnings on Investments	2,572.01

Part III--Expenditures

5300-6630 Other Fees, etc. (<u>Debt Service Fund</u> for Paying Agent Fees or <u>General Fund</u> (III-A,B, and C) for all other fees per footnote 2 pg. 234)	33,800.00
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The second transaction above should appear on the ASBR as follows:

Part III-B--Expenditures

5110-6611 Principal	70,000.00
5210-6621 Interest	111,155.00

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The two transactions together should appear as follows:

Part IV Section 3, Long and Short Term Debt		
8001 Balance, Beginning of Year		\$2,500,000.00
8002 Amount Borrowed During Year		1,690,000.00
8003 Amount Repaid During Year		70,000.00
8004 Balance, End of Year		4,060,000.00
8005 Interest Paid During Year		111,155.00

Detail of Part I, 3412, Restricted Fund Balance By Fund		
1005 Escrow Amount for Crossover Refunding (Debt Service Fund)		1,692,572.01

Escrow account interest income and interest expense.

The money in the escrow account will earn the same interest rate being charged for the bonds. The escrow account will receive interest income equal to interest expense for the bonds. This transaction should be reported on the ASBR as:

Part II--Revenue Summary in the <u>Debt Service Fund (Column 3)</u>		
5140 Earnings on Investments		\$84,500
Part III-B--Expenditures		
5210-6621 Interest		\$84,500

EXAMPLE B: CROSSOVER REFUNDING OF BONDS – JOURNAL ENTRIES

	<u>Account Number</u>	<u>DR</u>	<u>CR</u>
<u>General Long-Term Debt Account Group:</u>			
Amount to be Provided for Payment of Bonds	1611	\$1,690,000.00	
Amount Available for Payment of Accrued Int.	1630	2,572.01	
Bonds Payable	2711		\$1,690,000.00
Accrued Bond Interest Payable	2142		2,572.01

Debt Service Fund:

To record the initial issuance of the refunding of the bonds.

Escrowed Cash	1151	\$1,690,000.00	
Other Noncurrent Sources—			
Proceeds of Refunding Bonds	5611		\$1,690,000.00
Escrowed Cash	1151	2,572.01	
Accrued Interest on Bonds Sold	5142		2,572.01

General (Incidental) Fund:

To record the payment of bond issuance costs.

Bond Issuance Costs	5310-6631	\$ 33,800.00	
Cash	1111		\$ 33,800.00

MISSOURI FINANCIAL ACCOUNTING MANUAL

SECTION: ACCOUNTING PROCEDURES

SUBJECT: ADVANCE FUNDING ACCOUNTING PROCEDURES

PROCEDURE NO: PRC-523

XXIII. Advance Funding

The Advance Funding Program or Cash Flow Financing is a program offered through the Missouri School Boards Association that allows school districts anticipating cash flow problems during the fiscal year to utilize their ability to borrow against anticipated tax revenue (through tax and revenue anticipation notes). Often the yield on the borrowed funds, particularly that portion of borrowed funds not being used by the district, exceed the cost of borrowing and thus earn interest revenue for the district. For districts that do not earn interest revenue there may be some reduction in total borrowing costs.

After a district determines that a cash flow deficit will occur during the year, the district may borrow through the Advance Funding Program in anticipation of this possibility by issuing Tax and Revenue Anticipation Notes which are then purchased by the Health and Educational Facilities Authority of the State of Missouri (MOHEFA) in an amount equal to the estimated cash flow deficit plus the next month expenditure in that fund. This borrowed money is then invested by the program for a period up to 13 months when it is not being used by the district. These funds are "drawn down" by the district as needed and reinvested when revenues become available.

When a school district participates in the Advanced Funding Program some portion of the money is never actually received by that district. In order to properly account for this transaction, the liability "in total" will be recorded. The district will be provided with anticipated cash flow projections by the finance corporation but these are only projections. All recorded accounting entries such as "paybacks" (drawdowns on funds) will be the amount actually sent by the district to the financial institution. Investment earnings will be recorded from statements of actual earnings sent by the financial institution. Transactions are recorded in the fund for which the loan was made. *For this example, the projected amounts are used (the liability and costs listed on a cash flow analysis are actual data).*

Sample Projected Data:	Transaction Principal Amount:	\$780,559.49
	Less Cost	- <u>11,344.49</u>
	Net Proceeds	769,215.00

Date	Net Proceeds Received	(Drawdowns) Paybacks ¹	Transaction Repayment	Investment Earnings ²	Investment Balance
01-Aug-94	\$769,215.00	(\$169,215.00)	\$0.00		\$600,000.00
01-Sep-94	0.00	3,000.00	0.00	\$4,167.21	607,167.21
01-Oct-94	0.00	3,700.00	0.00	4,080.96	614,948.17
01-Nov-94	0.00	4,000.00	0.00	4,271.03	623,219.21
01-Dec-94	0.00	3,099.00	0.00	4,188.85	630,507.05
01-Jan-95	0.00	155,416.00	0.00	4,379.10	790,302.15
01-Feb-95	0.00	(34,215.00)	0.00	5,503.97	761,591.12
01-Mar-95	0.00	5,000.00	0.00	4,790.72	771,381.84
01-Apr-95	0.00	10,000.00	0.00	5,372.20	786,754.04
01-May-95	0.00	9,000.00	0.00	5,302.51	801,056.55
01-Jun-95	0.00	9,000.00	0.00	5,578.87	815,635.42
30-Jun-95	0.00	0.00	817,602.20	5,313.92	0.00
01-Aug-95	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL	\$769,215.00		\$817,602.20 ³	\$52,949.34	

¹ Paybacks recorded will be the actual amount sent by the district to the financial institution

² Recorded from statements of actual earnings sent by the financial institution.

³ Includes loan interest

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Transaction Repayment by Fund Type:

Special Revenue (Teachers) Fund	\$ 0.00
General (Incidental) Fund	\$ 0.00
Capital Projects Fund	<u>\$ 817,602.20</u>
TOTAL	\$ 817,602.20

1. To record the liability and drawdown on the Advance Funding Program:

	<u>A/C No.</u>	<u>DEBIT</u>	<u>CREDIT</u>
Cash in Banks	1111	\$169,215.00	
Other Investments-Advance Funding Program	1149	600,000.00	
Other Fees, etc.	5321	11,344.49	
Loans Payable	2121		\$780,559.49

2. To record payback into investment balance (e.g. Sept)

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
Other Investments-Advance Funding Program	1149	3,000.00	
Cash	1111		3,000.00

3. To record investment earnings (e.g. Sept)

Other Investments-Advance Funding Program	1149	4,167.21	
Earnings on Investments	5141		4,167.21

4. To record repayment at end of agreement period (cash will be a credit item if a balance is due from the district).

Loans Payable	2121	780,559.49	
Interest	5221	37,042.71	
Cash in Banks	1111	3,347.13	
Other Investments-Advance Funding Program	1149		815,635.41
Earnings on Investments	5141		5,313.92

The following amounts would be reported on the **Annual Secretary of the Board Report (ASBR)**:

<u>Part</u>	<u>Code</u>	<u>Description</u>	<u>Amount</u>
II	5140	Earnings on Investments	\$ 52,949.33
III-A	5200	Interest	37,042.71
III-A	5300	Other Fees, etc.	11,344.49
III-B	5200-6600	Interest	37,042.71
III-B	5300-6600	Other Fees, etc.	11,344.49
III-C	6620	Interest	37,042.71
III-C	6630	Other Fees, etc.	11,344.49
IV/3	8002	Col 3, Other Short Term Debt (Borrowed)	780,559.49
IV/3	8003	Col 3, Other Short Term Debt (Repaid)	780,559.49
IV/3	8005	Col 3, Other Short Term Debt (Interest paid)	37,042.71

MISSOURI FINANCIAL ACCOUNTING PROCEDURES

SECTION: ACCOUNTING PROCEDURES

SUBJECT: TRANSPORTATION RECEIPT/EXPENDITURE CODING PROCEDURES

PROCEDURE NO: PRC-524

XXIV. Transportation Receipt/Expenditure Coding

The manual entitled Missouri State Transportation Aid Document Preparation Manual published annually by the School Transportation Section provides detailed information about various aspects of school transportation. This document should be the primary source of information concerning school transportation issues. The accounting manual procedure below addresses only information pertaining to transportation revenue and expenditure coding. All other transportation related questions should be directed to the manual mentioned above or the School Transportation Section at (573) 751-2626.

The calculation of state transportation aid is based on the transportation application, school bus, and facility depreciation schedules, and the following fields from the **Annual Secretary of the Board Report (ASBR)**:

- | | | |
|----|------------|--|
| 1. | Part II | 5640, Sale of School Buses |
| 2. | Part II | 5840, Transportation Amounts Received from Other LEAs |
| 3. | Part III-B | 2551, Contracted Pupil Transportation, and/or
2552, District Owned Pupil Transportation |
| 4. | Part III-B | 2553, Contracted Handicapped Transportation, and/or
2554, District Owned Handicapped Transportation |
| 5. | Part III-B | 2555, Payments to Other Districts for Transportation |
| 6. | Part III-C | 6341, Contracted To and From |
| 7. | Part III-C | 6342, Other Contracted Pupil Transportation -- Non-Route |
| 8. | Part III-C | 6552, Pupil Transportation Vehicles (School Buses) |

Annual Secretary of the Board Report (ASBR) data entries:

REVENUES

<u>REVENUE DESCRIPTION</u>	<u>PART II, REVENUE CODE</u>	<u>REMARKS</u>
State Aid, Transportation	5312	Placed in the General and Special Revenue Funds based on the ratio of the adjusted tax rate for that fund to the total adjusted tax rate for the two funds.
Sale of School Buses	5640	Capital Projects Fund
Transportation Amounts Received from Other LEAs - Amounts received from other districts as a part of an interdistrict contract or districts who receive funds from a fiscal agent acting on behalf of a Co-op such as Early Childhood Special Education (ECSE)	5840	Placed in the General Fund.

EXPENDITURES

NOTE: The line total of Part III-A for each function code must equal Part III-B, 6100-6600, TOTAL for the same function code. When you make corrections to the Annual Secretary of the Board Report (ASBR), Part III-A or III-B, remember to make the corresponding corrections to the other appropriate parts of the report (III-A, III-B and III-C).

MISSOURI FINANCIAL ACCOUNTING PROCEDURES

SECTION: ACCOUNTING PROCEDURES

SUBJECT: TRANSPORTATION RECEIPT/EXPENDITURE CODING PROCEDURES

PROCEDURE NO: PRC-524

<u>DESCRIPTION</u>	<u>PART #</u>	<u>FUNCTION</u>	<u>OBJECT</u>
Construction or renovation of facilities such as a bus barn or maintenance garage. When the total expenditure in a fiscal year is <u>\$1,000.00 or more</u> , those facility costs <u>must be</u> added to the Facility Depreciation Form.	III-A	4000	
	III-B	4000	6500
	III-C		6521, 31, 41 as appropriate
When the total expenditure for the construction or renovation of facilities in a fiscal year is <u>less than \$1,000.00</u> , those facility costs <u>shall not</u> be added to the Facility Depreciation Schedule.	III-A	2552	
	III-B	2552	6500
	III-C		6521, 31, 41 as appropriate
School bus lease purchase <u>principal payments</u> (paid between July 1 and June 30). <i>A lease purchase principal repayment recorded in any other manner could result in a <u>loss</u> of state transportation aid.</i>	III-A	2552	
	III-B	2552	6500
	III-C		6552
School bus lease purchase <u>interest payments</u> (paid between July 1 and June 30).	III-A	5200	
	III-B	5200	6600
	III-C		6620
Any vehicle purchase other than school buses, (even if used to transport students) is a non-allowable expenditure.	III-A	2558	
	III-B	2558	6500
	III-C		6541
Regular Transportation, <u>Contracted</u> .	III-A	2551	
	III-B	2551	6300
	III-C		6341
Regular Transportation, <u>District Operated</u> . There is no specific entry on Part III-C because expenditures for district owned transportation are included in their appropriate object (6150-6500).	III-A	2552	
	III-B	2552	as appropriate
Handicapped Transportation, Contracted	III-A	2553	
	III-B	2553	6300
	III-C		6341
Handicapped Transportation, <u>District Operated</u> There is no specific entry on Part III-C because expenditures for district owned transportation are included in their appropriate object (6150-6500).	III-A	2554	
	III-B	2554	as appropriate
Payments to another district for transportation.	III-A	2555	
	III-B	2555	6300
	III-C		6341
Other Contracted Pupil Transportation, Non Route	III-A	1100-1400	
	III-B	1100-1400	6300
	III-C		6342

MISSOURI FINANCIAL ACCOUNTING PROCEDURES

SECTION: ACCOUNTING PROCEDURES

SUBJECT: TRANSPORTATION RECEIPT/EXPENDITURE CODING PROCEDURES

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<u>DESCRIPTION, Continued</u>	<u>PART #</u>	<u>FUNCTION</u>	<u>OBJECT</u>
Early Childhood Special Education (ECSE) <u>District Operated</u> . <i>The district should utilize a project number extension code in order to isolate ECSE program expenditures for reporting purposes.</i> There is no specific entry on Part III-C because these expenditures are included in their appropriate object (6150-6500). NOTE: Transportation of K-12, Handicapped on <u>separate routes</u> , must be reported separately from regular transportation costs and are coded as in this example.	III-A	2554	
	III-B	2554	as appropriate
Early Childhood Special Education (ECSE), <u>Contracted</u> and K-12, Handicapped - <u>Contracted</u> on approved separate routes.	III-A	2553	
	III-B	2553	6300
	III-C		6341
Administrative costs for <u>contracted services</u> are limited by 5 CSR 30-261.040 (1) (I) to five percent (5%) of the total contracted cost. The total amount for administrative services in the object codes for function 2551 <u>cannot</u> exceed 5% of the total transportation expenditures. There is no specific entry on Part III-C because these expenditures are included in their appropriate object (6150-6500).	III-A	2551	
	III-B	2551	as appropriate
Administrative costs for <u>district operated</u> are limited by 5 CSR 30-261.040 (1) (I) to five percent (5%) of the total district operated cost. The total amount for administrative services in the object codes for function 2552 <u>cannot</u> exceed 5% of the total transportation expenditures. There is no specific entry on Part III-C because these expenditures are included in their appropriate object (6150-6500).	III-A	2552	
	III-B	2552	as appropriate
Fuel Expenditures such as gasoline, propane or diesel.	III-A	2551, 52, 54	
	III-B	2551, 52, 54	6400
	III-C		6486
Video surveillance equipment is not an allowable cost.	III-A	2558	
	III-B	2558	6500
	III-C		6541

Expenditures associated with Non-route miles may be coded in one of two ways. See the **Missouri State Transportation Aid Document Preparation Manual**. Contact the School Transportation Section with specific questions at (573) 751-2626.

Expenditure coding procedures for Title I, Summer School can be found in the **Missouri State Transportation Aid Document Preparation Manual**. Contact the School Transportation Section with specific questions.

NOTE: Vehicle gas tax refunds should be applied as a credit to transportation supply expenditures in the year received as is indicated in PROCEDURE NO: REQ-103, Accounting Principles and Policies, Item "T", 2.

SECTION: ACCOUNTING PROCEDURES

**SUBJECT: MISSOURI DIRECT DEPOSIT PROGRAM
(SENATE BILL 301 REDIRECT PROGRAM)**

PROCEDURE NO: PRC-525

XXV. Missouri Direct Deposit Program

The Missouri Direct Deposit Program was established by Senate Bill 301 in 1995. The program is administered by the Missouri Health and Educational Facilities Authority (MOHEFA). It was designed as a credit enhancement mechanism for public school bonds by authorizing the direct deposit of a portion of a school district's state aid payments by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payment to the paying agent on the bonds.

The advantages in participating in the program include:

- a. Higher rating on bonds resulting in an interest savings.
- b. Costs of issuance may be reimbursed in whole or in part. (Costs of issuance include underwriters' fees and expenses, attorneys' fees, printing, paying agent fees, registration with state auditor, rating agency fees, and other similar costs. It includes the cost of obtaining bond insurance, subject to the requirement that the interest savings must exceed the cost of obtaining such insurance.)

The following types of bonds are eligible for this program:

- a. Bonds to finance construction or renovation projects approved by the voters after January 1, 1995.
- b. Bonds issued to refinance construction or renovation projects.
- c. Bonds issued to refinance lease purchase obligations.

A participating district is required to levy the full amount in the Debt Service Fund to meet the principal and interest payments on the bonds as they come due. The district will be authorized to transfer from the Debt Service Fund to the operating funds where the state aid would otherwise have been deposited for an amount equal to the amount directly deposited to the trustee.

SENATE BILL 301 JOURNAL ENTRIES

The following are accounting procedures for direct deposit of state aid moneys to a direct deposit trustee to pay general obligation bonds in accordance with Senate Bill 301 (Sections 160.534, 164.303, 165.091, 166.275, 166.300, 360.015, 360.106, and 360.111 - 360.118, RSMo). Although directly deposited with a trustee, the district continues to be the legal owner of the funds. The district must ensure that the recording allows the direct deposit moneys to eventually be credited to the correct fund to enable proper reporting of state aid (Basic Formula money or other moneys if so diverted) in the General (Incidental) and Special Revenue (Teachers) Funds, where it will be reflected on the Annual Secretary of the Board Report and compared with the DESE payment file. Journal entries are also included to account for the payment of principal, interest, and fees, and to record any interest income earned on the direct deposit account.

PROCEDURE A - Recording Monthly State Aid Payment

Assumptions:

1. District receives \$1,000,000/month in state foundation aid
2. Principal and interest escrow is \$24,000/month and is directly deposited to a trustee

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The following two journal entries are to record the monthly state aid payment of \$1,000,000. The \$976,000 (\$1,000,000 - 24,000) received from DESE is recorded as usual in the General (Incidental) Fund while the

\$24,000 is recorded as an escrowed cash receipt in the district's Debt Service Fund (the \$24,000 is actually directly deposited to and held by a trustee and is not received by the district).

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>General (Incidental) Fund</u>			
Cash in Banks	1111	976,000	
Revenues (state aid)	5311*		976,000
<u>Debt Service Fund</u>			
Escrowed Cash	1151	24,000	
Temporary Direct Deposit Revenues	5691		24,000

* Refer to the revenue transmittal sheet received with the monthly payment for additional state revenue codes that may be reduced to account for the entire amount of funds diverted.

The following two journal entries are to record the \$24,000 payment from the Debt Service Fund regular cash account 1111 (district Debt Service Fund bank account) to the General (Incidental) Fund to reflect the remaining portion of the state aid in the General (Incidental) Fund under revenue code 5311. This entry effectively reverses the revenue recorded earlier in the Debt Service Fund to eliminate double recording of the \$24,000 state aid revenues in both the Debt Service Fund and the General (Incidental) Fund.

Since the Debt Service Fund is required by statute to be in a separate bank account, the district will be required to institute a banking transfer from the Debt Service Fund bank account to the account containing the General (Incidental) Fund at this time for the \$24,000. The following journal entries should be made when these transfers actually occur. It would be beneficial for the district to initiate and record these transfers on a monthly basis; therefore avoiding any confusion regarding the transfer of interest earned on these moneys (Option #1). However, if the school district will incur a deficit fund balance in the Debt Service Fund, then the school district would only transfer moneys when the funds are available. If all moneys are not available to be transferred to the General (Incidental) Fund then a liability will need to be established (Option #2). See related journal entries below.

Option #1 - Example assumes that the Debt Service Fund has a sufficient balance to make the transfer.

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>General (Incidental) Fund</u>			
Cash in Banks	1111	24,000	
Revenues (state aid)	5311*		24,000
<u>Debt Service Fund</u>			
Temporary Direct Deposit Revenues	5691	24,000	
Cash in Banks	1111		24,000

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Option #2 - Example assumes that the Debt Service Fund only has a balance of \$17,000.

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>General (Incidental) Fund</u>			
Cash in Banks	1111	17,000	
Due From Debt Service Fund	1296	7,000	
Revenues (state aid)	5311		24,000
<u>Debt Service Fund</u>			
Temporary Direct Deposit Revenues	5691	24,000	
Due to General (<u>Incidental</u>) Fund	2182		7,000
Cash in Banks	1111		17,000

At this point, the Debt Service Fund owes the General (Incidental) Fund \$7,000. When sufficient current tax receipts have been placed into the Debt Service Fund to repay the Incidental Fund the following transaction must be made:

<u>General (Incidental) Fund</u>			
Cash in Banks	1111	7,000	
Due from Debt Service	1296		7,000
<u>Debt Service Fund</u>			
Due to General Fund	2182	7,000	
Cash in Banks	1111		7,000

PROCEDURE B - Recording Semi-Annual Payment of Principal, Interest, and Fees

Bond payments are due March 1 and September 1. Payment is made by the direct deposit trustee to the paying agent from the escrowed cash (recorded in the Debt Service Fund although physically held by the direct deposit trustee). When the payment is made, the district reduces the amount in the escrowed Debt Service balance by the amount of the payment to reflect the payment on the district's books. The following journal entry reflects the payment made after six months, by the direct deposit trustee, of the principal, interest, and agent fees, if any.

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>Debt Service Fund</u>			
Principal Reduction	5111-6611	130,000	
Interest Expense	5211-6621	11,500	
(Agent) Fees	5311-6631	2,500	
Escrowed Cash	1151		144,000

PROCEDURE C - Recording Interest Earned on Direct Deposit Account

Moneys placed in direct deposit with the trustee *may* be placed in an interest bearing account by the trustee. The school district *shall* receive the earnings, or a credit for such earnings, for any amounts invested which are attributable to the district. The district would need to make one of the following entries to record the interest in the Debt Service Fund.

To record interest income of \$8,250 received on the direct deposit moneys held by the trustee. (This entry would be made if the trustee actually made a payment to the district and the money would be deposited into the Debt Service Fund bank account.)

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	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>Debt Service Fund</u>			
Cash in Banks	1111	8,250	
Earnings from Temporary			
Deposits	5141		8,250

To record interest income of \$8,250 earned on direct deposit moneys. (In this instance, interest is credited to the district's trustee direct deposit account as opposed to a payment actually being made to the district.)

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>Debt Service Fund</u>			
Escrowed Cash	1151	8,250	
Earnings from Temporary			
Deposits	5141		8,250

PROCEDURE D - Recording of Issuance Costs

Reimbursement of issuance costs:

The district should record the expenditures incurred with issuance costs when they occur in either the General (Incidental) Fund using the 6600 series of object codes or the Capital Projects Fund using the 6500 series of object codes. Assuming that the reimbursement of those costs by the MOHEFA will be made in the year following the expenditure, the reimbursement will be recorded as a Prior Period Adjustment (Revenue Code 5195). If the reimbursement is in the same year as the expenditure, then reverse the original expenditure journal entry. Districts involved in a refunding of prior debt may not receive a 100 percent reimbursement of issuance costs.

There are two bonded debt situations which may occur. One is to refund prior debt in order to receive a better/enhanced interest rate on the bonds issued. The other situation is to issue new debt in order to finance capital projects. Due to the different nature of the two situations, the related accounting procedures and journal entries have been documented below.

Situation 1: The following entry would be made initially to record payment of issuance costs in the *General (Incidental) Fund* when the district is involved in the refunding of debt:

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>General (Incidental) Fund</u>			
Bond Issuance Costs	5310-6631	9,000	
Cash in Banks	1111		9,000

Situation 2: The following entry would be made initially to record payment of issuance costs in the *Capital Projects Fund* when the district is involved in a new issue of debt with plans for the moneys to be used for capital projects:

<u>Capital Projects Fund</u>			
Bond Issuance Costs	4030-6521	9,000	
Cash in Banks	1111		9,000

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Since the reimbursement from the MOHEFA for all or a portion of these issuance costs will be received in the year following the expenditure, the following entry would be made for the actual amount of reimbursement received.

	<u>A/C NO.</u>	<u>DEBIT</u>	<u>CREDIT</u>
<u>General (Incidental) Fund</u>			
Cash in Banks	1111	9,000	
Prior Period Adjustment	5195		9,000
<u>OR</u>			
<u>Capital Projects Fund</u>			
Cash in Banks	1111	9,000	
Prior Period Adjustment	5195		9,000

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